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U.S. POLICY TOWARD EASTERN EUROPE

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U.S. POLICY TOWARD EASTERN EUROPE

WEDNESDAY, JULY 26, 1989

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 2:20 p.m. in room SD–419, Dirksen Senate Office Building, Hon. Joseph R. Biden, Jr. (chairman of the subcommittee) presiding.

Present: Senators Biden, Robb, and Murkowski.

Senator **BIDEN**. The hearing will come to order.

I apologize for keeping our distinguished panel waiting. In the closing weeks of the session, everything seems urgent. And I have the dubious distinction of being the Chairman of the Judiciary Committee. And, as you know, we never have controversial issues before the Judiciary Committee other than the social agenda of America. And I apologize for being late. You should not have been kept waiting by me.

Today, the European Affairs Subcommittee convenes to consider one of the critical questions in American foreign policy. And that is how best to respond to unprecedented and portentious developments in Eastern Europe.

The committee is fortunate today to be able to hear from some very successful people; testimony that will come from distinguished analysts of the events in Eastern Europe.

Dr. Karen Dawisha of the University of Maryland; Prof. Charles Gati of Columbia University; and a very distinguished former Ambassador, William Luers, who served in Czechoslovakia and got to live in that house that I like so much; and Prof. Angela Stent of Georgetown University.

This panel also includes a distinguished representative from the Polish-American Congress, who we welcome. Mr. Nowak, it is nice to have you join us. He will provide an informed perspective on developments in Poland and current United States policy there.

Our objective today is to deal with the subject matter that includes a number of general subjects, including the Helsinki process, its past achievements and future prospects; an analysis of the longstanding U.S. policy of differentiation; and the potential for creative information and cultural exchange policies for advancing U.S. interests in increased pluralism in Eastern Europe; a discussion of the potential impact of an agreement on conventional forces in Europe, under which the superpowers would undertake substantial force reductions; an inquiry into the Kremlin's policy toward Eastern Europe, both in influencing reform efforts there and in responding to instabilities that may or may not arise; and a discussion of whether United States and Soviet interests in Eastern Europe may share enough common ground to provide a basis for some superpower understanding as to the rules of the road, if you will, in what is bound to be a very eventful period of history in Central and Eastern Europe.

The subcommittee is also interested in three key country-specific questions. And that is how to assist Poland in a moment of maximum opportunity and maximum peril. Second, how to respond to extraordinary developments in Hungary. And, with what general philosophy, to approach the long-deferred question of German unification, which everyone in this town and throughout Europe and every European capital talks about, but never publicly, to the best of my knowledge.

Certainly, we will not be able to resolve all of these issues today, and may not be able to even speak to all of them, but we can, at least, frame the questions and move toward an understanding as to the criteria that should govern American foreign policy in the region.

I have asked each of our witnesses today to begin with an oral statement of about 8 minutes; and after those are completed, we can move into a period of questions and—not merely questions, but discussion, because that is our purpose. You are here at our request, and thanks to your sufferance, hopefully you will allow us to become more educated on a series of issues that are going have to be dealt with; and I think present us and the world with a great opportunity, as well as dangers that seem to be obvious.

With that, let me begin with you, Doctor, and notwithstanding the fact that the University of Maryland always beats the University of Delaware, I will still recognize you. I am happy to have you here.

I should not say always beats the University of Delaware.

STATEMENT OF KAREN DAWISHA, DEPARTMENT OF GOVERNMENT AND POLITICS, UNIVERSITY OF MARYLAND

Dr. **DAWISHA**. Well, I think if Senator Sarbanes were here, you two might have a very spirited discussion on this.

Senator **BIDEN**. I think you are right.

Dr. **DAWISHA**. Thank you very much, Mr. Chairman.

Mr. Chairman, for my statement, I want to refer you to the Atlantic Council paper that I prepared on change in Eastern Europe. And I propose simply to go over the policy recommendations that were made in that paper in the first two pages.

It is quite clear that Eastern Europe is undergoing change, which has the potential for being both profound and very far-reaching. The conjunction between the existence of longstanding domestic pressures for political and economic reform, with tolerance and even active encouragement from Moscow, is without precedent in the postwar era. These reforms may produce fundamental changes in the nature of the regimes, the relations between governments and peoples, and their relations with Western Europe and the world at large.

The cold war originated in the absorption of Eastern Europe into a Soviet-led bloc with imposed Communist regimes. The phase of military buildup on both sides and active nonmilitary hostilities appears to be in abeyance. A permanent ending of the cold war, however, will not be possible until its root cause, the imposition of unrepresentative regimes, is removed and the institutionalized division of Europe is overcome.

While the Soviet Union and East European regimes have been and will remain the principal agents of change, the West does have a significant degree of influence. This influence will be greatest if exercised through governments, private groups and businesses, and if it is sufficiently coordinated to be mutually reinforcing.

Even if the ability of the West to shape events in Eastern Europe is not great, failure to exercise what influence it has would constitute a major missed opportunity for a lasting transformation in the whole character of East-West relations.

The West has long pursued two basic objectives in Eastern Europe: the avoidance of war and greater freedom for the peoples there. In the past, the primacy of the former permitted only very limited promotion of the latter. Now, for the first time, as a result of changes in Soviet attitudes and actions, it may be possible for both objectives to be pursued concurrently. Given the many risks and uncertainties involved, it is essential that the West maintain its cohesion in devising policies to this end.

I want now to outline the recommended objectives of U.S. policy and the specific policies that flow from these objectives.

In the political realm, the West should encourage evolutionary change toward greater popular accountability of regimes to their societies; greater adherence to the rule of law and constitutional authority; greater acceptance of pluralistic activities and expressions; and greater respect for human rights and full implementation of basket 3 of the Helsinki Final Act.

To this end, in the policy realm, the CSCE process should remain and be strengthened as the centerpiece of Western policy. Governments in Eastern Europe should know that preferential treatment will be accorded to those countries which have undertaken a serious and far-reaching program of political reforms. And the West should encourage an increased role for the International Court of Justice in The Hague in the arbitration of human rights issues in Eastern Europe.

What are our security objectives?

The West should promote policies which ensure a military balance, preferably at lower levels. The West should eliminate the possibility of surprise attack; maintain the inherent strength and cohesiveness of the Atlantic Alliance; increase the level of trust and confidence between the two blocs; and lay the foundations for the longer term emergence of nonmilitary guarantees of security in Central Europe.

To this end, the following specific policies should be pursued.

The West should reassure the U.S.S.R. that any unilateral withdrawals of Soviet forces from Eastern Europe would be welcomed, encouraged and not met with any unilateral buildup of NATO forces in response or with attempts to draw East European countries into the Western alliance. NATO modernization decisions should be taken with these considerations in mind.

Confidence-building measures and verification regimes should be recognized as necessary for the success of nonmilitary guarantees of security in Europe. Efforts should be made to expand the geographical area covered by such regimes, increase the number and types of military movements which require prior notification and expand the terms for onsite monitoring and inspection.

Finally, Eastern Europe has been the area for many of the world's most dangerous postwar crises. Recognition that the survival of the planet rests on the avoidance of crises in this area and on our careful management should they arise, makes it desirable for the United States to engage the Soviets in talks to clarify the extent of their interest in Eastern Europe. Such talks would seek areas of mutual interest in transformation and would serve to underline, in a timely fashion, the extent of Western interests should crises develop.

Such talks would use the other United States-Soviet talks on regional conflicts as their model, but would avoid any appearance of condominium by encouraging West European and East European talks on parallel themes, and by regular consultations within the Western alliance.

On to economic objectives, something that has become rather important in light of President Bush's trip to Eastern Europe.

The West should promote the increased market orientation of East European economies. It should encourage their greater interaction with the international economic system, and formulate Western import policies which minimize the risk that Western protectionism might damage East European export-led growth strategies.

To this end, the West should pursue the following economic policies.

To the extent that Western governments guarantee credits to Eastern Europe, efforts should be made to target countries and sections of the economy in those countries which are pursuing privatizing reforms.

Second, as the EEC moves toward 1992, continued efforts should be made to include interested East European states in arrangements governing both the EEC and EFTA, the European Free Trade Association.

Third, Western governments should support and encourage discussions among private creditors who seek to establish an international bank for East European development, which could capitalize joint ventures and other projects. This would seem to be the most productive way to give expression to the many recent calls for a new Marshall plan.

And finally, Western governments should encourage additional East European countries to join the IMF, the World Bank and GATT.

The fourth area is the cultural field.

Our objective should be to break down the fundamental division of Europe between two social systems characterized by the past absence of contacts, expand informationsharing, citizen exchanges, and human rights monitoring.

To this end, the West should seek the continued lifting of all restrictions impeding the free flow of information between East and West.

At the follow-on talks on information, the West, in particular, should press for the removal of jamming equipment, the extension of direct television transmission via satellite into Eastern Europe, and joint publication ventures to promote the dissemination of pluralistic perspectives within Eastern Europe.

Second, the West should continue to promote all programs and measures which increase contacts between the citizens of Eastern and Western Europe. In particular, educational exchanges will help to shape the attitudes of future elites, and are crucial for overcoming the psychological consequences of 40 years of mistrust.

And finally, concern for human rights has become and should remain a permanent part of East-West relations. No matter how creditworthy an East European regime may be or may become, it is unlikely that Western firms, much less Western governments, will invest if there are gross and systematic violations of human rights. Western consensus on this issue is sufficient to make unnecessary additional legislation by member states.

Thank you very much.

[The prepared statement of Dr. Dawisha follows:]

PREPARED STATEMENT OF MR. DAWISHA

FOREWORD

The next few years may be pivotal in East-West affairs. The reforms and changes that General Secretary Gorbachev has launched with *perestroika, glasnost* and *new thinking,* could dramatically alter the structure and quality of international relations as we have known them since World War II. The changes in Soviet domestic policies, the withdrawal from Afghanistan, the promised troop and arms reductions in Eastern Europe and other regions, the Soviet acceptance of intrusive verification as a critical part of arms control agreements, the announced Warsaw Pact shift to a defensive strategy—all of these developments represent important changes in Moscow's manner of doing business. They are welcome indeed in terms of the Atlantic Alliance goals of peace and security pursued over the past four decades, and they offer for the future new opportunities for prudent, constructive, and creative response. Included among the possibilities now on the horizon is the potential for vast changes in intra-European and East-West affairs, changes that could lead to a breaking down of the European division that for forty years has been the focal point of East-West rivalries. It is quite understandable that the reforms proposed have captured worldwide attention.

Nowhere is this attention focused more sharply than in the Eastern European countries that symbolize Soviet dominance and the "old thinking" that General Secretary Gorbachev may now be abandoning. The reform process has led professional observers and political leaders in both the East and the West to express renewed hope regarding European affairs. In Eastern Europe, as in the Soviet Union itself, there is rising hope, even if still limited, for improved living conditions, for expanded human rights, and for greater self-determination. In the West the hope is for lessened confrontation, for reduced tensions, and for an easing of Europe's division. In both East and West, General Secretary Gorbachev's "common European home," including the United States and Canada, is seen as potentially positive in its effects.

Reform will not come easily to these nations, however, and the forces that have been set in motion in Eastern Europe may be one of the most difficult tests General Secretary Gorbachev faces. Each of these countries has strong individual traditions and a particular history—often violent—of relations with Moscow, and while each can proceed at its own pace, the limits as they will be seen in Moscow remain unknown. In following its individual path each country will have to stay clear of raising Soviet concerns regarding the security of the Warsaw Pact in general and the Soviet Union in particular.

The West's stake in this process of Eastern European change is much easier to identify than is its opposite role. Peaceful evolution toward increased autonomy—even better, independence—for the nations of Eastern Europe is greatly to be welcomed. It could bring a gradual removal of the artificial boundaries between East and West, a great enhancement of the "free movement of information and peoples" agreed to in the Helsinki Final Act, a lessened militarization of the region, and an increased level of stability and "normalcy." The more difficult questions for the West are which options are available to affect the process, even marginally, and how much Alliance solidarity is needed for success in the pursuit of such options and policies.

While NATO countries hold to common values and basic goals, there are significant differences in their near-term interests and preferred strategies. For example, there are tensions over weapons modernization that are clearly reflective of the reforms emanating from Moscow. There is disagreement over the reversibility of the changes in the Soviet Union and Eastern Europe. There is apprehension over the uncertain and the unknown if they involve abandoning the familiar, relatively stable confrontation and embark on an untested new method of doing business. The differences could cause a loss of the near-term opportunities to influence change in Eastern Europe in a favorable direction, and could also damage Alliance solidarity at the very moment it could be most valuable.

In this Atlantic Council Occasional Paper Dr. Karen Dawisha, with the assistance of two experienced East European and Soviet analysts, Ambassador Lincoln Gordon and John Kiser III, explores in some depth the relationship between reform in the Soviet Union and the need for corresponding change in Eastern Europe, and links those reforms to Western interests and opportunities. The policy recommendations the authors provide seem especially insightful and timely in view of the growing need and urgency for achieving Western consensus on opportunities and policy options.

"Change in Eastern Europe: Soviet Interests and Western Opportunities" builds on the recent East-West work of the Atlantic Council, particularly on two parallel Council working groups: "Defending Peace and Freedom: Toward Strategic Stability in the Year 2000," co-chaired by Brent Scowcroft and R. James Woolsey; and "U.S. Policy Toward the Soviet Union: A Long Term Western Perspective," co-chaired by the late Walter J. Stoessel, Jr. and myself. Both working groups reached consensus on policies the United States should adopt, published their results as Atlantic Council Policy Papers, and published the contributory analyses as Atlantic Council books. The present paper also complements several other Council Occasional Papers, for example, the recently published "Integrating Economic and Security Factors in East-West Relations" and two others that are currently under way, "Gorbachev and the Future of East-West Security: A Response for the Mid-term" and "Indicators of Change in Soviet Security Policies."*

As a non-profit public policy institute, the Atlantic Council relies upon contributions of time, commitment, and funds to conduct analyses and policy studies on international issues and challenges that are deemed to be of vital interest to the United States and our friends and allies. We wish to thank the individuals who contributed both time and effort *pro bono,* as is our custom, to reviewing this Occasional Paper in roundtable discussions and individually. It is a pleasure as well to thank the foundations that have supported this and related Atlantic Council projects: the Andrew W. Mellon Foundation, the Pew Charitable Trusts, the John D. and Catherine T. MacArthur Foundation, the W. Alton Jones Foundation, and the Greve Foundation.

Andrew J. Goodpaster
Chairman

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*See Appendix for further detail on these publications.

CHANGE IN EASTERN EUROPE: SOVIET INTERESTS AND WESTERN OPPORTUNITIES

Summary

Eastern Europe is undergoing change which has the potential for being profound and far-reaching. The conjunction between the existence of long-standing domestic pressures for political and economic reform with tolerance and even active encouragement from Moscow is without precedent in the post-war era. These reforms may produce fundamental changes in the nature of the regimes, the relations between governments and peoples, and their relations with Western Europe and the world at large.

The Cold War originated in the absorption of Eastern Europe into a Soviet-led bloc with imposed communist regimes. The phase of military buildup on both sides and active non-military hostilities appears to be in abeyance. A permanent ending of the Cold War, however, will not be possible until its root cause—the imposition of unrepresentative regimes—is removed and the institutionalized division of Europe is overcome.

While the Soviet Union and East European regimes have been, and will remain, the principal agents of change, the West does have a significant degree of influence. This influence will be greatest if exercised through governments, private groups, and businesses, and if sufficiently coordinated to be mutually reinforcing. Even if the ability of the West to shape events in Eastern Europe is not great, failure to exercise what influence it has would constitute a major missed opportunity for a lasting transformation in the whole character of East-West relations.

The West has long pursued two basic objectives in Eastern Europe: the avoidance of war and greater freedom for the peoples. In the past, the primacy of the former permitted only very limited promotion of the latter. Now, for the first time, as a result of changes in Soviet attitudes and actions, it may be possible for both objectives to be pursued concurrently. Given the many risks and uncertainties involved, it is essential that the West maintain its cohesion in devising policies to this end.

Recommended Objectives and Policies

Political. **Encourage evolutionary change toward greater popular accountability of regimes to their societies, greater adherence to the rule of law and constitutional authority, greater acceptance of pluralistic activities and expressions, and greater respect for human rights and full implementation of Basket III of the Helsinki Final Act. To this end:**

- The CSCE process should remain and be strengthened as the centerpiece of Western policy.
- Governments in Eastern Europe should know that preferential treatment will be accorded to those countries which have undertaken a serious and far-reaching program of political reforms.
- The West should encourage an increased role for the International Court of Justice in the Hague in the arbitration of human rights issues in Eastern Europe.

Security. Promote policies which ensure a military balance, preferably at lower levels; eliminate the possibility of surprise attack; maintain the inherent strength and cohesiveness of the Atlantic Alliance; increase the level of trust and confidence between the two blocs; and lay the foundations for the longer-term emergence of non-military guarantees of security in Central Europe. To this end:

- The West should reassure the USSR that any unilateral withdrawals of Soviet forces from Eastern Europe would be welcomed, encouraged, and not met with any unilateral buildup of NATO forces in response or with attempts to draw East European countries into the Western Alliance.
- NATO modernization decisions should be taken with the above considerations in mind.
- Confidence-building measures and verification regimes should be recognized as necessary for the success of non-military guarantees of security in Europe. Efforts should be made to expand the geographical area covered by such regimes, increase the number and types of military movements which require prior notification, and expand the terms for on-site monitoring and inspection.
- Eastern Europe has been the arena for many of the world's most dangerous post-war crises. Recognition that the survival of the planet rests on the avoidance of crises in this area and on their careful management should they arise makes it desirable for the United States to engage the Soviets in talks to clarify the extent of their interests in Eastern Europe. Such talks would seek areas of mutual interest in transformation and would serve to underline in a timely fashion the extent of Western interest should crises develop. Such talks would use the other U.S.-Soviet talks on regional conflicts as their model, but would avoid any appearance of condominium by encouraging West European and East European talks on parallel themes and by regular consultations within the Western Alliance.

Economic. Promote the increased market orientation of East European economies; encourage their greater interaction with the international economic system; and formulate Western import policies which minimize the risk that Western protectionism might damage East European export-led growth strategies. To this end:

- To the extent that Western governments guarantee credits to Eastern Europe, efforts should be made to target countries and sections of the economy within countries which are pursuing privatizing reforms.
- As the EEC moves toward 1992, continued efforts should be made to include interested East European states in arrangements governing both the EEC and the European Free Trade Association.
- Western governments should support and encourage discussions among private creditors who seek to establish an International Bank for East European Development which could capitalize joint ventures and other projects. This would seem to be the most productive way to give expression to the many recent calls for a new Marshall Plan.
- Western governments should encourage additional East European countries to join the International Monetary Fund, the World Bank, and the GATT, provided that detailed arrangements compatible with the basic purposes of those institutions can be negotiated.

Cultural. Break down the fundamental division of Europe between two social systems characterized by the past absence of contacts; expand information sharing, citizen exchanges, and human rights monitoring; and bolster and support the institutionalization of the CSCE process. To this end:

- The West should seek the continued lifting of all restrictions impeding the free flow of information between East and West. The CSCE follow-on talks on information will be important in this regard; and the West in particular should press for the removal of jamming equipment, the extension of direct television transmission via satellite into Eastern Europe, and joint publication ventures to promote the dissemination of pluralistic perspectives within these countries.
- The West should continue to promote all programs and measures which increase contacts between the citizens of Eastern and Western Europe. In particular, educational exchanges will help to shape the attitudes of future elites and are crucial for overcoming the psychological consequences of forty years of mistrust.
- Concern for human rights has become, and should remain, a permanent part of East-West relations. No matter how credit-worthy an Eastern European regime may be, it is unlikely that Western firms, much less Western governments, will invest if there are gross

and systematic violations of human rights. Western consensus on this issue is sufficient to make unnecessary additional legislation by member states.

The Pursuit of Vision

Never before have such opportunities opened up for undoing the unnatural division of Europe. The challenge is great; but the challenge has confronted the West for forty years, and we cannot shirk from it now that the nature of the Soviet military and political threat may be changing. The risks, too, are great, but to pursue an inactive, inadequate, or disjointed policy in the face of great dynamism from the Soviet Union would be a greater risk.

The key will be in formulating policies which have at their root the shared vision of breaking down the barriers between Eastern and Western Europe. This will require both encouraging the transformation of Eastern Europe and shaping new multilateral institutions and contacts which cut across the European divide. Whether they are joint ventures, multinational banks, trade unions, religious groups, or more formal multilateral organizations such as the EEC, the European Free Trade Association, or the IMF—all such institutions and organizations can play a role. Crucially the CSCE process has great potential for producing a number of institutions and permanent commissions committed to these ideals.

In this effort, Western Europe will have a central role to play. Its historic ties, natural sympathies, and economic and political expertise make it a crucial and central actor in the decades to come. NATO was established in response to the challenge of Soviet military preeminence in Central Europe. It is likely to be some considerable time before NATO's core mission will be completed. But on the immediate horizon lies a large number of opportunities for all Western countries to work in concert toward a shared vision—removing the division of Europe.

Moscow's Need for Change in Eastern Europe

When Mikhail Sergeevich Gorbachev spoke before the 19th Soviet Party Conference in June 1988, he admitted that "world socialism is living through a difficult and crucial period."[1] Not only were major political and economic reforms being announced and implemented inside the Soviet Union, but fundamental changes were also being sought, both within other East European states and in the mechanisms binding

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[1] CPSU Central Committee report delivered by M.S. Gorbachev at the 19th All-Union CPSU Conference, Moscow, June 28, 1988, Foreign Broadcast Information Service, *Daily Report: Soviet Union*, Washington, D.C. (hereafter *FBIS-SOV*), June 29, 1988, p. 12.

Moscow to its bloc allies. At the core of this effort is the realization on the part of most within the Soviet leadership that the ability to reform socialism—rather than to set into motion changes which might produce its collapse—depends on establishing its prestige and legitimacy amongst populations in those countries ruled by communist parties.

Change in Eastern Europe, even if its primary impetus is Gorbachev's goal to bolster socialism's prestige and legitimacy through reform, offers new opportunities for the West to pursue its own interests in increasing European stability and security by breaking down the division of Europe and supporting greater recognition of human rights in the Soviet bloc. Economic and domestic reforms in the Soviet Union and in Eastern Europe provide potential to break down barriers between East and West and could ultimately contribute to lasting stability in Europe. The West's response to the process of change in Eastern Europe, if carried out in a constructive, engaged, and realistic manner, could influence that change in a way that meets its own interests.

In order to succeed, the Soviets must remove—as Gorbachev himself admits—all those "accretions of the past" which slowed economic and social development, violated universal humanitarian principles, and consequently blackened the reputation of socialism as a system capable of harnessing man's intellectual and spiritual potential to the full.[2] For this reason, Gorbachev needs change in Eastern Europe just as surely as he needs it in the Soviet Union. He needs it because within the Soviet bloc each country is uniquely tied to the other. There is the universal perception that Moscow has leverage in Eastern Europe and can set in motion changes if it so chooses; failure to reform will therefore be interpreted either as a sign of lack of will by Moscow, or as proof that some East European leaders still do not believe Gorbachev has the political clout to enact the necessary changes.

Beyond this, events in one country almost inevitably spill over and affect the domestic politics of others within the bloc, irrespective of attempts by bloc leaders to shield their own populations. The strongest connections exist between the Soviet Union and each of the East European countries. This is a two-way transmission belt in which reformism and unrest in Eastern Europe have always created stirrings amongst Soviet nationalities, religious minorities, and intellectuals just as surely as de-Stalinization or increased repressiveness in the Soviet Union have had an immediate impact throughout Eastern Europe.

Gorbachev needs changes in Eastern Europe, too, because despite increased contacts with Western and Third World countries, Moscow's relations with its European socialist allies still form the core of its foreign policy. While the range of independent foreign policy positions by any member is increasing, nevertheless the Soviet objective is not to promote such independence, but in fact—as official documents frequently state—to "further perfect the coordination of the socialist community's foreign policy." Of course, the purported difference between this phase and previous periods, according to Gorbachev supporters, is that this coordination will be based not on *diktat* but on freely-given consensus.

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[2] The challenges facing Gorbachev are dealt with more fully in Karen Dawisha, *Eastern Europe, Gorbachev and Reform: the Great Challenge*, New York: Cambridge University Press, 1988.

Even if any failure by East European leaders to enact reforms did not affect formal inter-state relations with Moscow, in the key areas of economic, inter-Party, and inter-societal relations, there would be serious disjunctions. Over 75 percent of all Soviet and East European trade is within the bloc; and consequently efforts to increase productivity, efficiency, quality, and market-orientedness in one country will be hampered without harmonization in the adoption of such measures throughout the bloc. Slow or negative growth rates in one country inevitably impede economic progress elsewhere in the bloc. Just as the relatively efficient economies in Eastern Europe suffered from Soviet stagnation in the 1970s, so would the rest of the bloc suffer if reforms were not introduced universally.

But it is in the inter-Party and inter-societal area in which the Soviets would suffer the greatest loss if reform were not adopted throughout Eastern Europe. Links between the Communist Party of the Soviet Union (CPSU) and the other East European ruling parties afford Moscow the right to term Soviet-East European relations "international relations of a new kind". The extremely extensive nature of these contacts, which include both inter-Party links and wide-ranging contacts among all official societal organizations, give Moscow the ability to monitor events in Eastern Europe in a way that would be unthinkable in a Western society. These links also have the more positive effect of creating a kind of international commonwealth of ideas and peoples within the socialist bloc, exposing ordinary Soviet officials and citizens to filtered Western ideas which otherwise would not reach them. Any tension in Soviet-East European relations which disrupted this vital inter-Party and inter-societal link would make it more difficult for Soviet leaders to "read the pulse" in Eastern Europe and would isolate Soviet ideas and people from their East European counterparts—to their mutual detriment.

In realizing the need for change, Gorbachev is faced with another major challenge—how to achieve change without undermining stability. It remains unclear whether bloc leaders can pursue domestic and foreign policies to improve viability without unleashing societal forces which could threaten stability and thereby endanger reform in both Eastern Europe and the USSR.[3] Both Khrushchev, in 1956, and Brezhnev, in

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[3] J.F. Brown first identified the contrast between Moscow's desire for alliance

1968, had tried—and failed—to juggle the competing and perhaps irreconcilable demands of reforming Soviet-style socialism without relinquishing control of Eastern Europe. Will Gorbachev also fail? Will untrammeled popular aspirations for change in Eastern Europe get out of control and reactivate this cycle of stagnation, reform, and repression, thereby threatening both Gorbachev's domestic policy agenda and his own political position?

The challenges facing Gorbachev in reforming his own society are numerous and nearly intractable. Failure to achieve his objectives not only would risk his career, but also, and more importantly, would condemn his country to more decades of waste, abuse, and stagnation. But the process of reform in both the Soviet Union and Eastern Europe carries many dangers, and dangers lie both in failing to reform and in not trying to reform at all. In Eastern Europe, the legitimacy of socialism, both as an ideal and as a system, depends on the success of reform, but Soviet military and security interests in Eastern Europe, arguably, are not in all circumstances enhanced by reform. Indeed, the process of reform and the end results of certain types of reform could be seen as positively deleterious to Soviet security interests, particularly if many East Europeans see the reform process not as a "green light" to improve cooperation with Moscow but rather as an opportunity to turn toward the West not only in economic and cultural matters, but also in the security and political arenas.

Gorbachev's success will depend upon the extent to which "new thinking" about Soviet-East European relations within his own foreign policy establishment takes hold and effects substantial and consequential changes both in the traditional Soviet perception of Eastern Europe and in the objectives pursued by Moscow there. Both are the subject of discussion below.

Success will also depend on the East European reaction to such changes, both at the regime and societal levels, where the prospects for reform and collapse coexist uneasily, making crises possible but even more difficult to predict than in the past. In addition, while the policies pursued by the West might be considered to be marginal in effecting change in Eastern Europe, this is not the view taken there, where Western initiatives and reactions are closely observed and keenly debated. The role of the West and actions available for pursuing a policy better geared to the demands of the 1990s are outlined in the final section.

Soviet Ideology and Eastern Europe

From the inception of the Gorbachev period, greater awareness has been expressed about the need to put this most crucial aspect of Soviet

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cohesion and the simultaneous need of East European leaders to enhance the political viability of their regimes. See his *Eastern Europe and Communist Rule*, Raleigh, N.C.: Duke University Press, 1988.

policy on a firmer footing. The need, as expressed at the 27th CPSU Congress in 1986, to "avert crisis situations"[4] underlined the Soviet culpability for mismanaging relations in the past without suggesting for a moment that Moscow was considering allowing a situation to develop which would lead to the renunciation or redefinition of the central defining characteristics of "socialism" in Eastern Europe or the demise of the Soviet alliance system there.

Recognition by Gorbachev that Soviet-East European relations require closer scrutiny has nevertheless produced important "new thinking" about certain key issues. In particular, these relations have been affected by the following new formulations: (1) the acceptance of many roads to socialism, (2) a broader conceptualization of Europe as a "common home," and (3) the partial rejection of the Brezhnev doctrine.

Many roads to socialism. Gorbachev himself set the standard in revising these notions, beginning at the 27th Party Congress when he specifically emphasized "unconditional respect in international practice for the right of every people to choose the paths and forms of its development." In what appeared as almost a *mea culpa* for past Soviet practices, Gorbachev stated that "unity has nothing in common with uniformity, with a hierarchy."[5] Gorbachev was subsequently to outline in detail the source of many previous problems in Soviet-East European relations:

> In the field of state building, too, the fraternal socialist states largely relied on the Soviet example. To an extent, this was inevitable. Assertions concerning the imposition of the 'Soviet model' distort this objective necessity of that time [the immediate post-war period]. . . .
>
> But it was not without losses, and rather serious ones at that. Drawing on the Soviet experience, some countries failed duly to consider their own specifics. Even worse, a stereotyped approach was given an ideological tint by some of our theoreticians and especially practical leaders who acted as almost the sole guardians of truth. Without taking into consideration the novelty of problems and the specific features of different socialist countries, they sometimes displayed suspicion toward those countries' approaches to certain problems.
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> . . . Furthermore, negative accretions in these relations were not examined with a sufficient degree of frankness, which means that not everything obstructing their development and preventing them from entering a new, contemporary stage was identified.[6]

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[4] *Pravda*, February 26, 1986.

[5] *Pravda*, February 26, 1986.

[6] Mikhail Gorbachev, *Perestroika: New Thinking for Our Country and the World*, New York: Harper & Row, 1987, pp. 162-164.

If this was the problem, the solution also appeared clear: Adopt new principles which eliminate the need for slavish adherence to a single model of socialism. Toward this end, Gorbachev enunciated the need for intra-bloc relations to proceed according to principles which have at their root the "absolute independence" of every socialist state. As Gorbachev made clear: "The independence of each Party, its sovereign right to decide the issues facing its country and its responsibility to its nation are the unquestionable principles."[7]

This view came to be shared by other leaders and top advisors. Central Committee Secretary Yegor Ligachev, long considered a conservative opponent of liberalization, was at pains during a trip to Hungary in April 1987 to emphasize his agreement with this new approach. Speaking on Hungarian television, Ligachev stressed that "every country looks for solutions independently, not as in the past. It is not true that Moscow's conductor's baton, or Moscow's hand is in everything. . . . every nation has a right to its own way."[8]

Both Gorbachev and Ligachev were also in agreement that while there may be more models of socialism and more paths to socialism, nevertheless it was the improvement of socialism and not its demise which was the object of the exercise. Gorbachev was able to tell Western reporters (who had asked his opinion of reforms in Poland following disturbances there in April 1988) that "*perestroika* was born out of our conditions, and we need it. . . . but we will not impose it on any other country. Therefore, it is up to the Polish people to decide what they want to do." However, at the same time he expressed confidence that Poland would remain socialist.[9]

The definition of a socialist system undoubtedly has become broad enough to encompass the progressive income tax and stock market of Hungary and the independent trade unions of Poland on the one hand and the still rigid uniformity of central planning in Czechoslovakia on the other. Multi-candidate secret elections are as admissible as single-candidate public acclamation for the selection of office holders. Even the central features of traditional socialist systems have been challenged: the primacy of the proletariat in a society and world divided into classes; the leading and directing role of the Communist Party in all aspects of society; the organization of the party according to the principle of democratic centralism, with particular emphasis on centralism at the expense of democracy; and the planning and central control of all aspects of economic activity. Nevertheless, at least in the minds of Soviet leaders, there remains some core of beliefs, including minimization of economic inequities and a large degree of centralized direction of economic activity, together with a continued special role for communist parties, which differentiates "socialism" form capitalism and even from "market socialism" as practiced in Scandanavia.

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[7] Gorbachev, *Perestroika*, p. 165.

[8] Budapest Television Service in Hungarian, April 26, 1987, in Foreign Broadcast Information Service, *Daily Report: Eastern Europe*, Washington D.C. (hereafter *FBIS-EEU*), April 27, 1987, p. F6.

[9] *Washington Post*, May 22, 1988.

Europe as a "common home." Soviet views of Europe are complex and multifaceted. They arise from the historical Russian conflict between, on the one hand, the Slavophile rejection of Western culture's subversive and corrupting nature and, on the other, the Westernizers' embrace of the values of the Enlightenment and the objectives of economic development. These two strains continued into the post-1917 Soviet phase, with Soviet policy toward the West frequently influenced by one or another conflicting view.

The Gorbachev period is no exception. The goals of economic autarky and social isolationism are as alien to Gorbachev's reform plans as they were to the Westernizers who dominated the Russian court under Peter the Great. Gorbachev's conception relies on greater economic, political, and social interaction amongst the socialist and capitalist states of Europe with the aim of reducing the rigid division of Europe. Some NATO policy-makers have expressed concern about the impact of such formulations on alliance cohesion. But for East European leaders and populations, Gorbachev's opening to the West is seen as their opening to the West, too, and a golden opportunity to fulfill fundamental aspirations in this direction. To the extent, therefore, that the Soviet conception envisages a fundamental commitment to a deep improvement in intersocietal relations across a divided Europe, East European leaders, virtually without exception, have welcomed the Soviet change of heart.

To many in Eastern Europe, Gorbachev appeared sincere when he labelled Europe a "common home" and declared that "Europe's historic chance and its future lies in peaceful cooperation between the states of that continent." This pan-European element of Gorbachev's outlook was enunciated at the 27th Party Congress, and then further elaborated during his 1987 visit to Czechoslovakia and in his book *Perestroika*. There he emphasized the broader philosophical, historical and cultural underpinnings of this view, stemming as they do from his own belief that: "We are Europeans. Old Russia was united with Europe by Christianity. . . . The history of Russia is an organic part of the great European history. . . . Europe 'from the Atlantic to the Urals' is a cultural-historical entity united by the common heritage of the Renaissance and the Enlightenment."[10]

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[10] Gorbachev, *Perestroika*, pp. 191-197, *passim*.

This aspect of new thinking has come to be accompanied in the minds of top Soviet officials by the notion that the United States and Canada are also part of Europe. For the Soviets, therefore, the concept no longer involves the splitting of NATO into its European and North American components. On the contrary, they have supported U.S. and Canadian participation in the pan-European summits on conventional force reductions, economics, and other issues.

In addition to the general concepts which lay behind this notion, Gorbachev also has reconceptualized the Soviet view of European security, bringing it more into line with the ideals embodied in the Helsinki Final Act. At the center of this new view of European security is an acceptance of the needs both for an inter-European dialogue separate from the U.S.-Soviet relationship and for an institutionalization of the Helsinki process to deepen its impact and further protect it from the vicissitudes of superpower relations. This formulation represents a victory for those East European—and West European—leaders who had argued since the early 1980s that European detente had to be protected from the deterioration of U.S.-Soviet relations.

In line with this call for inter-European dialogue, Soviet leaders also have emphasized new formulations about security which could have a fundamental impact on Soviet-East European relations in the military sphere. Deputy Foreign Minister Loginov, speaking in Hungary, characterized as a "new feature" of Soviet foreign policy the fact that Soviet leaders now believe that Soviet security could only be guaranteed if "we take into consideration other states' security." Loginov went on to stress that "the only possible solution to issues is one that is acceptable to our partners too."[11]

This new conceptualization of Europe and European security is seen as having the most far-reaching possibilities for the future of Eastern Europe. In reaction to statements by Soviet leaders, even the most skeptical East European intellectuals like Hungary's George Konrad have admitted the possibility of a "gradual, controlled transformation of the Soviet bloc into a looser community of nations capable of interacting with Western Europe on a partnership basis."[12]

Moreover, Alexander Dubcek, the former General Secretary of the Czechoslovak Communist Party, who has been in internal exile for almost two decades, gave an illicit interview to the Italian Communist newspaper, *L'Unita*, in January 1988. In it, he emphasized that "one of the main positive aspects of Gorbachev's visit to Prague was the idea of a 'new way of thinking' about Europe. This idea ought to be consistently affirmed in our country, to overcome the burden of the past and to set in motion Czechoslovak restructuring. To build a united process, we must first restore confidence among European nations and states. I see this as the only way in which we can have a future, given the present conditions."[13]

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[11] Budapest Television Service in Hungarian, January 25, 1987, *FBIS-SOV*, January 30, 1987, pp. CC 3-4.

[12] George Konrad, interviewed by Richard Falk and Mary Kaldor, "The Post-Yalta Debate," *World Policy Journal*, Vol. 2, No. 3, Summer 1985, p. 461.

While the primacy of Soviet political, ideological and security interests in Eastern Europe will place limitations on the extent to which the "new thinking" will go, at the same time such formulations open up whole new possibilities for the improvement of both living conditions in Eastern Europe and relations between East and West in Europe. Opportunities for increased diversity and independence from Moscow appear to be particularly great in those East European countries which do not share a common border with countries in NATO's central front—Hungary, Bulgaria, Romania (if it so chooses), and Poland.

In these countries, fundamental changes in all aspects of the relationship with Moscow are possible, including even further withdrawals of Soviet troops. Gorbachev's unilateral offers (made in his speech before the U.N. General Assembly in December 1988) to withdraw 50,000 Soviet troops and 5,000 tanks from Eastern Europe was not only welcomed there but has produced discussions of further unilateral reductions of both Soviet and East European troop levels. Given that such reductions have been a core Western demand for the past forty years, it can only be concluded that this "new thinking" is to be encouraged since it appears to be producing changes consistent with Western objectives.

The Brezhnev doctrine. That the Soviets, under Gorbachev, have continued to monitor reforms in Eastern Europe and communicate their support or concern about events as they have always done is incontestable. Soviet support for liberalization in Hungary and Poland; Soviet concern with the continued conservatism of the regimes in Czechoslovakia, the GDR, and Romania; and Soviet worries that the apparent zealousness of Bulgarian reforms actually may have masked a desire to avoid reform altogether are a matter of public record.

What remains unclear is whether Soviet leaders would still maintain the right to interfere—including through the use of force—if they deemed socialism to be threatened in the bloc. This issue has been raised both in the West, where analysts refer to the "Brezhnev doctrine," and in the Soviet Union, where the same debate takes place under the guise of discussions about the current definition of "socialist internationalism" or the continued applicability of the doctrine of "limited sovereignty." All such debates seek to determine whether the new Soviet leadership has revised the view, enunciated after the Soviet invasion of Czechoslovakia in 1968, that every Communist Party is responsible not only to its own people but also to all the socialist countries; that the sovereignty of individual socialist countries is of lesser importance than the interests of world socialism; and that it is not only the right, but the positive duty, of all socialist countries to come to the aid of any socialist state where socialism is threatened.[14]

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[13] *L'Unita*, January 10, 1988, *FBIS-EEU*, January 19, 1988, p. 18.

After coming to power in March 1985, Gorbachev called several times for building intra-bloc relations on a new basis. On the whole he has shied away from using the term "socialist internationalism" in his own speeches and writings. But agreements and Party documents, such as the May 1985 renewal of the Treaty creating the Warsaw Pact, the Party Program introduced at the 27th Party Congress, and the April 1987 Polish-Soviet agreement, all affirmed continued Soviet support for the principle, even though it has ceased to be defined in the same restrictive way.

This duality of approach was illustrated in his speech before the Party meeting to celebrate the 70th anniversary of the Bolshevik revolution in November 1987. After acknowledging that "unity does not mean being identical or uniform," he went on to say: "We also know what damage can be done by weakening the internationalist principle in mutual relations of socialist states, by deviation from the principles of mutual benefit and mutual aid, and by a lack of attention to the general interests of socialism in action on the world arena." Even in his own writings, Gorbachev has left the door open by continuing to use formulae which emphasize principles other than the complete independence and sovereignty of each party, as with the following excerpt from *Perestroika:*

> We are also firmly convinced that the socialist community will be successful only if every party and state cares for both its own and common interests, if it respects its friends and allies, heeds their interests and pays attention to the experience of others. Awareness of this relationship between domestic issues and the interests of world socialism is typical of the countries of the socialist community. We are united, in unity resides our strength, and from unity we draw our confidence that we will cope with the issues set forth by our time.[16]

On the other hand, Gorbachev has used other important occasions to emphasize principles which are at odds with socialist internationalism, principles like the independence and sovereignty of every state, the "inalienable right" of all parties "to make decisions on the choice of paths of social development," and the "impermissibility of interference in internal affairs under any pretext whatsoever," all of the above being affirmed in an important mutual declaration with the Yugoslavs in March 1988.[17] In his speech to the 19th Party conference in June 1988, Gorbachev also emphasized that "the imposition from outside by any means—not to mention military means—of a social system, way of life, or policy constitutes the dangerous armor of past years."[18] Many of his top foreign policy advisors, including Nikolay Shishlin and Georgiy Korniyenko, both key Central Committee aides, have stated quite explicitly when challenged by Western reporters that "we think a state's sovereignty must not be limited by anything or anyone, whatever its nature. . . . We've given up the Brezhnev principle of limited sovereignty."[19]

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[14] As stated most succinctly in *Pravda*, September 26, 1968.

[15] *Pravda*, November 3, 1987.

[16] Gorbachev, *Perestroika*, p. 165.

What then can be concluded on the important question of whether the "Brezhnev doctrine" in fact has been repudiated? The Gorbachev leadership certainly seeks to place its relationship with its East European allies on a firmer footing and is willing to accept its share of responsibility for past bloc crises.[20] Moscow also clearly appears to be willing to allow significant changes in the structure of East European societies. The number of serious issues which could trigger a bloc crisis and consequent Soviet intervention has been reduced. But some remain: Eastern Europe in general, and the northern tier states of Poland, East Germany, and Czechoslovakia in particular, still constitute part of the Soviet Union's self-defined national security zone. Even in an era of far-reaching and diverse changes, events in Eastern Europe are of great concern to Moscow, both because the Soviet leadership and Gorbachev himself still maintain loyalty to the notion of a community of socialist states and because of the potential impact of political changes there for Soviet security.

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[17] *Pravda*, March 19, 1988.

[18] Gorbachev, *FBIS-SOV*, June 29, 1988, p. 12.

[19] The statement was made by Korniyenko during a debate in Italy, and reported by ANSA, Rome, September 16, 1988, *FBIS-SOV*, September 19, 1988, p. 76. Shishlin also categorically denied that Soviet troops would be used by this leadership in Eastern Europe if Moscow deemed socialism to be collapsing: as stated on PBS, *Global Rivals*, Part IV, October 11, 1988.

[20] See the paper prepared by the Soviet Academy of Sciences' Institute of the Economics of the World Socialist System, "East-West Relations and Eastern Europe," *Problems of Communism*, May-August 1988, in which the authors concede that the "negative consequences of Stalinist distortions" and the "hegemonistic aspirations of the Soviet leadership" were among the reasons for the many bloc crises.

When the radical Soviet historian Yuriy Afanas'ev proposed that East European states must be free to choose whatever system, whether socialist or capitalist, they preferred, he was quick to point out that the reaction in the Kremlin, in his estimation, would be "negative; there would not be fireworks in Red Square to celebrate the development." Indeed, he went on, many of the more dogmatic officials "would look very favorably on what is called in the West 'the Brezhnev doctrine.' "[21] Despite a flurry of activity by second-echelon officials, the top Soviet leadership, including Gorbachev himself, both in practice and in theory maintains the option of using force to prevent the collapse of the Soviet alliance system. The circumstances under which such force would have to be used, however, have been significantly reduced.

Soviet Attitudes Toward East European Reform

The abandonment of the notion of a single model of socialism has legitimized existing differences and produced increased diversity among socialist states. All of these changes have taken place under the watchful eye of Soviet leaders who, more often than not, have welcomed changes both as contributing to the new "treasure chest of socialist experiences" and as meeting the specific needs of individual countries. Particularly close attention has been paid to political, social, and economic reforms in Poland, Hungary, and Bulgaria, all of which have instituted reforms along the lines of those being debated in Moscow.

Economic reforms of many types have been introduced throughout Eastern Europe; and provided they appear to be cogent and carefully thought out, they have been implemented virtually without impediment from Moscow. In fact, judging from Soviet sources, most East European regimes have yet to make the fullest use of the potential for economic reform opened up by the Gorbachev leadership.

Political reforms traditionally have been more difficult to introduce because of Moscow's sensitivities and also because of the vested interests of the East European leaders themselves in maintaining the political status quo. Where they have taken place, however, such reforms have been accepted by the Gorbachev leadership as within the purview of legitimate East European actions. And indeed, on several occasions, Moscow appears to have been willing to accept even more wide-ranging changes.

The cases of Bulgaria, Poland, and Hungary provide three examples of the Soviet attitude toward East European reform. In Bulgaria, aging Party leader Todor Zhivkov initially had closed the window to the reform wind blowing from Moscow. But having become convinced of Moscow's seriousness and no doubt fearing that the continuous talk of a new generation coming to power would threaten his own position, he set out to introduce a set of wide-ranging reforms. Throughout 1987 and early 1988 changes were rushed through the Central Committee aimed at allowing unprofitable firms to go bankrupt, breaking up the approximately 300 agro-industrial enterprises into around 2,500 self-managing work teams, establishing a parallel private banking sector, eliminating political parades and ceremonies, introducing multi-candidate elections at the local level, and limiting the top elective offices in the Bulgarian Communist Party (including the Secretary General) to two consecutive terms in office.

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[21] *La Stampa*, September 1, 1988.

Many of the reforms had been ill-prepared, however, and it was believed that they were designed primarily to maintain Zhivkov in power rather than solve the country's economic problems. Evidently as a result of the growing feeling in Bulgaria itself that the reforms were incoherent, unworkable, and not intended to be put into practice, on October 15, 1987, Zhivkov was summoned to Moscow for an unannounced and unscheduled meeting with Gorbachev. The Bulgarian party daily paper *Rabotnichesko Delo* subsequently wrote that the Zhivkov-Gorbachev encounter had "confirmed that the goals are the same," but the widespread belief persisted that while the substance of the reforms had ultimately been approved, the Soviets had initially been concerned about the nature, direction, and pace of the changes. As Bulgarian Politburo member and Party Secretary Chudomir Aleksandrov admitted when discussing the visit, "between the processes of restructuring in Bulgaria and in the USSR there is no difference in terms of objectives, principles, and basic approaches. At the same time, we comply with our specific conditions and it is they that determine the forms, terms and rates of restructuring."[22]

Aleksandrov quickly emerged as a leading critic of past practices, calling openly for power to be handed over from "generation to generation, so as to implement innovation more and more fully."[23] He also advocated "expulsion from Party ranks as a means to purge and temper the vanguard,"[24] a measure aimed at those in the leadership who had come to regard the nomenklatura "as a protective shield that ensures a quiet life."[25] Aleksandrov's view that "the stage of looking around critically and smiling and negating everything is over to a large extent"[26] set the stage for further criticism of empty sloganeering in the name of *perestroika*. Calls for "practical deeds" abounded to such an extent that Zhivkov was obliged to state in his closing speech to the February 1988 Bulgarian Communist Party National Conference that the previous reform package "is not a dogma, it is not the final truth. We will continue to analyze our social experience. . . . We will continue to apply the experience of the fraternal socialist countries and of the Soviet Union, in particular, as regards the innovation of our socialist society."[27]

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[22] Chudomir Aleksandrov, *Restructuring, Necessity and Chance*, Sofia: Sofia Press Publishing House, 1988, p. 11.

[23] Chudomir Aleksandrov, "The Great Beginning," *Narodna Mladezh*, October 28, 1988, *FBIS-EEU*, November 6, 1988, p. 5.

[24] Chudomir Aleksandrov, speech at the BCP National Conference, January 29, 1988, *FBIS-EEU*, February 1, 1988, p. 5.

[25] *Ibid.*

[26] *Ibid.*

The visit of Chudomir Aleksandrov to Moscow in May 1988 for a meeting with his Soviet counterpart for cadres and organization, Georgiy Razumovskiy, appeared to foreshadow further imminent changes in the Party, perhaps as early as the July 1988 Central Committee plenum. But Zhivkov once again proved unwilling to move aside; instead, in an entirely unexpected move, Aleksandrov himself was sacked. Zhivkov may be willing to introduce a number of economic reforms, but there seemed little prospect that substantial political change would occur as long as he remained in office. Moscow's attempt to court alternative reform figures did not appear to have the desired political impact in Sofia.

To the extent that Moscow continues to exercise influence in Eastern Europe over particular personnel and policy decisions, their "hand" is even more hidden in the case of Poland. It is very difficult to find evidence of Moscow's role either in the introduction of the alternatively decentralizing and recentralizing reforms which have been a see-saw feature of the political landscape in Poland since 1986, or in the handling of the chain of strikes and disturbances beginning in April 1988 which produced a vague government commitment—finally honored in early 1989—to enter into negotiation with the outlawed Solidarity free trade union.

The Soviet role has been conspicuous by its apparent absence, with Gorbachev's summer 1988 trip to Warsaw producing no new statements of any kind which might be construed as rocking the boat during this delicate period in Poland. The Soviets have restricted their public role to a rather freer criticism of Polish economic mismanagement (including Soviet press articles directly critical of the Polish government which appeared in the week before Zbigniew Messner was replaced as Prime Minister by Mieczyslaw Rakowski, the capable but rather more conservative ex-editor of the weekly *Polityka*) and a greater willingness on the part of some Soviet political figures to admit publicly that the Soviet Union would not react negatively to the legalization of Solidarity.[28]

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[27] Todor Zhivkov, Closing speech at the BCP National Conference, January 29, 1988, *FBIS-EEU*, February 1, 1988, p. 9.

[28] As indicated by Nikolay Shishlin, in a *Le Monde* interview, which the Polish

Soviet willingness to stand back from the developing storm in Poland is all the more striking in light of the extensive involvement of the World Bank, the IMF, and various Paris Club members in working with the Poles to develop a stabilization program and debt servicing plan which would boost the momentum of effective, democratic, and market-oriented reform. It can only be concluded that, given the basic trust which exists between Gorbachev and Jaruzelski, this is one instance in which the new policy of non-interference in domestic affairs will redound to the Soviets' benefit: neither will the Soviets be blamed by Warsaw and Washington for interfering and exacerbating tensions, nor will the Soviets bear the consequent responsibility for having to achieve the apparently unachievable—economic and political stability in Poland.

In Hungary, the new Party chief, Karoly Grosz, appeared to be less hesitant than some of his East European colleagues to seek direct Soviet endorsement of the political and economic changes occurring at home. Returning from Moscow in July 1988, he was quick to report that Gorbachev personally had informed him that "it is probably the Hungarian endeavors and the Hungarian perceptions that are the closest now to those of the Soviet Union."[29]

Soviet reforms were certainly in line with Hungarian changes, which, however, were more advanced and deeply rooted. Having begun the reform process in 1968, Hungary already had twenty years of experience and experimentation. In the economic realm, the profit motive, enterprise accountability, personal income tax, a stock exchange, and a partially privatized banking sector all had been introduced, in an effort to boost production and to deal with Hungary's $17.7 billion hard currency debt. Asked whether such changes did not forebode the introduction of capitalist formations into Hungary, Grosz forthrightly stated: "If they [the formations] are efficient, I find things sympathetic, regardless of slogans. I think we cannot live on slogans. The duty of theory is not to justify existing practice."[30]

In the political realm, too, Hungary was far ahead of its other bloc allies. A large number of non-communist political associations had assumed an active part in public life, particularly with the advent of multicandidate parliamentary elections. The party itself has been seeking ways to reduce and redefine its role in governing the country. Domestic political and economic changes were in line with changes in Hungary's relations with the outside world. Political restrictions on travel abroad for all Hungarians were virtually eliminated, with the Austro-Hungarian border

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leadership felt compelled to rebut as not representing, in their view, official Soviet policy [*Washington Post*, October 4, 1988].

[29] *New York Times*, July 10, 1988.

[30] *Ibid.*

in particular becoming more and more permeable to free movement in both directions.

Changes such as those taking place in Hungary would have been unthinkable in previous years. They reflect the possibilities which have opened up for those political leaders in Eastern Europe who are bold enough to take advantage of this new current being generated from Moscow.

Freedom to reform may not, however, always go in Moscow's direction. The greater independence of East European parties can also benefit conservatives and/or ultra-nationalists in these countries who seek to further entrench their power. Thus, the East German leadership has been able to maintain its conservative stance and, if anything, that stance has been strengthened by the stronger political position of like-minded leaders in Czechoslovakia (following the ouster in October 1988 of the reform-minded Prime Minister, Lubomir Strougal), Poland (following Rakowski's appointment), and Bulgaria (following Aleksandrov's replacement). The nationalistically inspired turmoil in Yugoslavia, which finally broke out into the open in the autumn of 1988, did nothing to assuage the doubts of conservative leaders in the bloc that a commitment to economic and political liberalization would be a panacea for the ills facing their societies.

Potential for Change and Crisis in Eastern Europe

The potential for fundamental change in Eastern Europe has never been greater. The opportunities for political and economic reform have never been so wide. Given both the style and the substance of the 19th Party Conference in Moscow, it can be argued that in certain key respects the Soviet reform experiment has now gone beyond the 1968 Prague Spring. Organized opposition activity was greater in Czechoslovakia, as was the tendency to brand specific officials with responsibility for crimes in the Stalin era. Nevertheless, the amount of uncensored political debate at all levels of society; the scope of political and economic restructuring envisaged; the extent of leadership changeover; and the critical evaluation of past practices are more than on a par with the Action Program and other reform measures envisaged and enacted by the Dubcek leadership.

What this means is that the changes already initiated in Moscow take the bloc beyond the limits set by the Soviet invasion in 1968. In this respect, it is incorrect to speak only of the potential for reform, since extensive and substantive change has already taken place. The dynamics of the process are also clear: While Soviet reform may, as many East European leaders rightly stress, have drawn on East European experiences, it remains true that only when such reforms are enunciated in Moscow do they bear the official stamp of approval. Reforms introduced in, for example, Bulgaria or Hungary in 1987 and considered at the time to be pushing the outer limits of permissible change thus became standard, even passe, in 1988 once they were adopted by the Soviet leadership.

This process of innovation and legitimization should be understood not just as an expanding circle in which the outer parameters are set by Moscow. There are inner parameters, also set by Moscow, in which behavior, structures, and performance are judged to be either too conservative, too repressive, too inefficient, or too bureaucratic. Clearly, both the East German and Czechoslovak regimes are considered to be only narrowly within the parameters of acceptable behavior; and they maintain their ability to pursue policies out of synchronization with bloc allies only so long as their economies are efficient, their populations do not forcefully demand change, and conservative leaders in Moscow are still in a position to be supportive. The public exchange of blunt and rather acrimonious remarks by Gorbachev and Ceausescu during the latter's official visit to Moscow in October 1988 may signal Moscow's belief that the Romanian regime is now considered to be beyond the pale.

The dynamics of change, therefore, should be seen not as one, but as two concentric circles which are, for the moment, continuing to expand, and which enclose a zone or band of acceptable behavior. This band is much broader today than it has ever been, allowing far greater diversity of forms among Moscow and its East European allies.

In these circumstances the potential for crises leading to Soviet military intervention is also far less than it has ever been in Eastern Europe. In the past, crises have had various root causes. Many of these are being addressed by the Gorbachev leadership:

- the arbitrariness and illegality of Stalinist rule over Eastern Europe;
- the imposition of a single model of socialism from which there was no divergence;
- the personal excesses and cynicism of the elite, fed and nurtured by a *nomenklatura* system which shielded them from daily privations and shortages;
- strict censorship which not only stifled intellectual freedom but also prevented the timely airing of grievances;
- Soviet inattention to the buildup of pressures; and
- the heavy-handed mismanagement of critical situations which only then blew up into fully-fledged bloc crises.

None of these conditions, in fact, have ceased to exist entirely in Eastern Europe. There are systemic disjunctions built into the relationship between the USSR and Eastern Europe which may continue to be sources of future bloc crises. The fact, however, that the Soviets accept the need for substantial changes in the pattern of relationships gives reason for greater hope that the legacy of Soviet imperial control may further atrophy in the future.

At the same time, there remains a high potential for crises within individual East European countries. The actual scenarios may vary and are difficult to predict, but certain core elements are likely to be present. Thus, for example, every one of the regimes in Eastern Europe can be expected to experience severe economic shortfalls in the foreseeable future. The failure to reform in East Germany and Czechoslovakia may avoid short-term difficulties as long as productivity remains high, but eventually changes will have to be made. The longer they are put off, the greater will be the difficulties of making a smooth transition.

Such circumstances are rife for crises because of the popular perception in some bloc countries that the indigenous leadership fears the political consequences of economic reforms. This perception is bolstered by tensions between Moscow and both Prague and East Berlin which reinforce the impression that Moscow has withdrawn its support from these leaders, leaving the door open for political intrigue within the leadership and popular pressure from demonstrating youth who shout "Gorbachev! Gorbachev!" in an effort to force political changes. The prospects for crisis in Czechoslovakia increase if Jakes long continues to preserve the conservative status quo there without moving to redress the imbalance in Czechoslovak society caused by the purge of over one-half of the party membership after 1968. In East Germany, the chances of discontent would increase markedly if West Germany ever decided to sever its relationship in an effort to weaken Honecker's rule by removing its single most effective legitimizing agent.

In those countries like Poland and Hungary where substantial economic changes have been introduced, the fall in the workers' standard of living has been considerable, with little prospect in the next five years of any tangible improvement. On the contrary, officials in both countries foresee the need for further belt-tightening and hardship that may increase worker discontent. Both are openly seeking to blunt such discontent by providing more political reforms and freedoms as a trade-off. Greater latitude for non-communist political groupings is envisaged, along with a decrease in the role of the Party in day-to-day life, the appointment of more non-communist ministers, the de facto elimination of censorship and travel restrictions, and the elimination of "Stalinist characteristics" from the constitutions of these states.[31]

Romania and Bulgaria, while pursuing quite different economic strategies, nevertheless share the uncertainty and potential instability which accompany an aging and frail leadership. Both Ceausescu and Zhivkov have come under political challenge from within their own ranks, and both leaderships have pursued repressive nationalities policies (the Romanians against the Transylvanian Hungarians and the Bulgarians against their Turkic population) which, in an age of generally resurgent nationalism within the Soviet bloc, could rebound to further undermine the leadership in these two countries.

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[31] According to Miklos Nemeth, HSWP Secretary, in an on-the-record briefing at the Brookings Institution, June 15, 1988.

While any or all of these circumstances could provide the kindling for a domestic crisis in Eastern Europe, it would be unlikely to become a bloc crisis unless the Soviet leadership took the decision at some point that the indigenous leadership was so mismanaging the situation that it posed a major threat to the existence of socialism in that country and elsewhere in the bloc. This is less likely to occur now than previously simply because the definition of socialism is broader and more tolerant of widely divergent policies. Moreover, the tendency in the current Soviet leadership to renounce the over-reliance on military solutions during the Brezhnev era, while never explicitly applied to Soviet policy in Eastern Europe by the leadership, has nevertheless led some, such as Soviet Foreign Ministry spokesman Gennadiy Gerasimov, to conclude that the "time" for Soviet armed intervention in other Communist states was "over."[32] Indeed, as long as the "new thinking" in Soviet foreign policy under Gorbachev continues to be in the ascendancy, it is very difficult to imagine a credible scenario under which the Soviets would invade an East bloc country in the so-called "defense of socialism." It is conceivable, on the other hand, although very unlikely, that short-lived Soviet intervention would be required to suppress intra-bloc hostilities based on nationalist demands for territorial change in the centuries-old Balkan tradition; such an event, however, would not be likely to escalate into a bloc crisis or an East-West crisis.

Are there no circumstances under which domestic crises could escalate to become bloc crises? Such scenarios are possible if reform in the Soviet Union fails or is judged by the leadership to have reached its outer limit. In either circumstance, the Soviet leadership might have considerable difficulty in convincing its East bloc partners that the expanding circle of reform should then begin to retract. Such difficulties would be all the greater in those countries like Poland and Hungary where the leaderships are dependent on greater political freedoms to compensate for economic deprivations.

Of equal concern is the possibility that a bloc crisis would develop as a result of different factions within the Soviet leadership giving mixed signals to their own counterparts in Eastern Europe, thus creating an uncertain environment for political rule. Conservative elements in Eastern Europe are maintained so long as equally conservative forces remain strong in Moscow. On the other side, liberal leaders look directly to Gorbachev for protection and promotion. Both tendencies remain in an uncomfortable standoff within these societies precisely because of the continuing existence of both groups at the highest level in Moscow.

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[32] In a television interview for British Independent television, ITV, December 3, 1987.

Following the March 1988 publication in the Soviet Union of the famous Nina Andreyeva letter—a virtual manifesto for Soviet conservatives—Yegor Ligachev apparently summoned all East bloc ambassadors in Moscow to tell them that *glasnost* would go no further either in the USSR or the bloc. Heartened by such news, the East German leadership immediately reprinted the Andreyeva letter in *Neues Deutschland*. In Bulgaria, Zhivkov is reported to have referred to the "mud and scum" in the Soviet press during a speech attacking *glasnost* which he delivered to young writers. However, his speech was never published, possibly due to the eventual rebuttal of the Andreyeva letter in *Pravda* by pro-reform forces. The leadership changes in Moscow in October 1988, including the transfer of Ligachev's responsibilities to the agricultural sector, were interpreted in Eastern Europe as having further weakened conservative forces.

It is uncertainty of this type created by the continuing tug-of-war over the limits of reform that poses the most probable scenario for a bloc crisis. The escalation of such a crisis to major proportions would then become possible only if conservative sentiments in Moscow were strong enough to make the suppression of any dissent in Eastern Europe a litmus test for Gorbachev's own commitment to socialism—a *sine qua non* for his remaining in power.

Such a view underlines the fact that while crises in Eastern Europe have had numerous sources, the record does not explain why these sources, which have been more or less present almost constantly since the advent of communist power in 1945, should erupt and escalate to crisis proportions only at certain times. For an explanation of this phenomenon one must look, rather, to the uncertainty of the transition, the instability caused by being unable correctly to read the mixed signals coming from Moscow, and the catastrophic results of continuing to move in one direction when the political forces supporting that tendency no longer have a firm grip in Moscow. Such a scenario cannot be entirely ruled out for the future.

Western Opportunities

In devising a strategy for responding to change in Eastern Europe, it is critical that the West recognize both the importance of its response and the limits of its influence. It is indeed in the interest of the Western alliance to see evolutionary change in Eastern Europe. The division of Europe continues to symbolize the bipolar superpower rivalry that has characterized world affairs for more than forty years. Central Europe continues to be the focus of NATO and Warsaw Pact confrontation and clearly entails a great economic drain on the resources of both blocs. Change leading to a breakdown of this East-West division through greater economic, cultural, and eventually political integration of Eastern and Western Europe would contribute to stability and reduce the potential, and ultimately the need, for military solutions to bloc differences. That is clearly in the West's interests. It is paramount then that the West should work to contribute positively to that change.

While it may well be in Western interests to encourage change in Eastern Europe, the degree of real influence the West can bring to bear is limited. Forty years of Soviet dominance in the region may not have resulted in the West's formal abdication of influence, but it has led to recognition that contributing to slow transformation is the best that the West can realistically hope to achieve. What is new now is that the initiatives for change emanating from Moscow appear genuine. This not only increases the maneuverability of each country of Eastern Europe but it also increases the maneuverability and potential influence of the West in dealing with Eastern Europe. It appears, therefore, that Gorbachev's need for change in Eastern Europe increases the potential for both stabilizing change there and the ability for the West to play a role in that change.

The NATO alliance has not always demonstrated an impressive ability to respond to Gorbachev's initiatives in a unified, consistent, or creative manner. This is not surprising since there has long been significant divergence between key members of the alliance on how to deal with the Soviet Union and Eastern Europe. The U.S. policy of differentiation, through which Washington has attempted to deal bilaterally with each East European capital based upon its demonstrated human rights record and its willingness to diverge from Moscow in foreign policy, has not squared with the Federal Republic of Germany's much more forthcoming *Ostpolitik*, designed to pursue and maintain a detente in European affairs divorced from superpower relations. Western Europe's "let's try" reaction to Gorbachev has thus far contrasted with the United States' more cautious "let's wait and see". It may prove in the long run that total convergence of Western policies is not necessary, but it certainly would prove beneficial if the response were, in fact, a harmonized set of policies designed to contribute to change in Eastern Europe in a way beneficial to Western interests. Inability to achieve such a consensus will dilute the West's influence and reduce the potential for substantive gains. Even worse, inability to achieve some degree of compatibility could threaten the fabric of NATO itself.

A logical basis for establishing a sufficient degree of convergence would be for the West to "target" the three key aspects of Soviet-East

European relations discussed above. That is, pursue policies designed to encourage different roads to socialism, contribute to the building of a common European home, and work to reward Moscow's continued rejection of the Brezhnev doctrine. The recommendations discussed below (and summarized in the opening of this paper) provide enough flexibility to accommodate Western Europe's willingness to try and the U. S. desire to let Soviet actions speak more loudly than Gorbachev's words. Clearly, any successful reforms leading to greater East-West economic and cultural interaction are likely to facilitate the greater engagement desired by Europe and also give more latitude to a continued policy of differentiation followed by the United States. The key to all Western actions is patience born of recognition that sudden, tumultuous change in Eastern Europe will not contribute to lasting stability.[33]

One of the most important objectives for the West is continued pursuit of arms control agreements and disarmament initiatives. The signature of the INF treaty appeared to give relief to the growing feeling in Europe, the United States, and the Soviet Union during the mid-1980s that a continuing arms race, far from alleviating tensions, actually diminished security. The historical record had further indicated that no basic change was likely in Eastern Europe as long as tensions between Eastern and Western Europe remained acute. The prospect of further arms cuts opened up by the Reagan-Gorbachev summits held out the promise of a significant easing of tensions in Central Europe and the achievement of some measure of "common security".

Arms reductions, however, could be only the first step toward this goal of common security. Long-term security in Europe depends on the fulfillment of significant tasks. The first is the fundamental transformation of the Soviet-East European relationship in a way that finally would eliminate the Stalinist legacy and transform the good words of the Soviet leadership into action. The Cold War began in Eastern Europe; and the continual crises there were a major source of insecurity in Europe for the past forty years. Only with the removal of coercion from the heart of the Soviet-East European relationship and the establishment of a legitimate system of governance in Eastern Europe can the Cold War be brought to an end and stable security be established throughout the continent.

Any hope of achieving such a breakthrough will make as many demands on the West as it will provide opportunities. The first demand will be the need for reassurance that liberalization in Eastern Europe in no way increases the likelihood of military attack on the Soviet Union. The

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[33] For more detailed policy recommendations, see Lincoln Gordon, et al., *Eroding Empire: Western Relations with Eastern Europe*, Washington, D.C.: The Brookings Institution, 1987, Ch. 9.

Soviets should also be reassured that, while the West supports change both in the Soviet Union and in Eastern Europe, we have no interest in promoting crises. On the contrary, the Soviets should be firm in the knowledge that the West views crises in Eastern Europe as a major threat both to democratization within individual bloc countries and to important East-West political and economic contacts. Indeed expanded dialogue, possibly within the framework of the Conference on Security and Cooperation in Europe, aimed more positively at encouraging democracy and autonomy in this region without posing a threat to existing bloc agreements, could usefully promote mutual and wider security interests while reassuring Moscow of our desire to seek change without instability.[34]

The next requirement is in the area of arms reductions. Mutual acceptance of the need to reduce both conventional and nuclear arsenals, as supported by both sides, would go far to check Soviet conventional predominance and end the preeminence of the military instrument in inter-bloc relations. Side by side with negotiations to reduce weapons and force levels should be an effort to engage all Warsaw Pact states, including of course the Soviet Union, in a dialogue about new developments in military doctrine and changes in the disposition of forces to make them solely defensive and to rule out the possibility of surprise attack.

In the economic realm, whether based on conditions of economic rationality (as in IMF agreements), linkage with progress on political reform (as some in the U.S. Congress seek), or without overt strings (as favored by many Europeans including above all the West Germans), economic ties between East and West are likely to increase in the foreseeable future. As the visits by West European heads of state to Moscow in the autumn of 1988 showed, credits on an ever-larger scale are likely to be put together by consortia of Western banks and more joint enterprises with Western businesses will be established in those bloc countries prepared to create a climate conducive to investment. The adoption by East European leaders of export-led growth strategies will rebound to strengthen both the movement toward liberal reforms and the links with the West, almost irrespective of the conditions attached by any Western institution.

While the private sector may assume the lead in taking advantage of the opportunities offered by economic reforms, nevertheless Western governments could benefit by a closer harmonization of policy designed to signal more clearly their readiness to engage those East European regimes willing to undertake substantial and sustained reform. In doing so, standards of compliance beyond the political capability of these regimes at the present state of reform should not be set, since to do so would be both futile and potentially counterproductive if they were to be pulled back from cooperation by Soviet pressures. Credits which are targeted for privatized sectors of East European economies, those which are designed to support specific export industries, or those which are conditioned on sectoral restructuring (including especially the banking sector) are most likely to have a positive impact on the liberalization process.

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[34] This proposal is contained also in the report of the Atlantic Council's Working Group on the future of NATO, chaired by Andrew Goodpaster, *NATO To the Year 2000: Challenges for Coalition Deterrence and Defense*, The Atlantic Council of the United States Policy Paper, Washington, D.C., March 1988, p. 19.

In attempting to formulate a policy that promotes transformation, greater attention also needs to be focused on the crucial role of cultural relations in spawning ties that draw Eastern and Western Europe closer together. In promoting such ties, the ability of the East to gain knowledge of and access to the West is crucial. Radio and television broadcasting, tourism and travel in both directions, educational and cultural exchanges, the dissemination of high and pop culture, business contacts for trade and investment, and relations between churches, trade unions, and professional organizations all contribute to this access. Speaking during Chancellor Kohl's visit to Moscow, Gorbachev proposed the integration of Eastern and Western Europe's information network. Any move which promises to erode the Soviet information monopoly in Eastern Europe offers enormous potential for eliminating one of the most important results of the division of Europe, and deserves the closest and most serious scrutiny.

The inter-German relationship, despite important elements of intrinsic and continuing instability, had already borne substantial fruits before Gorbachev came to power: significant person-to-person contacts had resulted in hundreds of thousands (now millions) of East German emigrations and crossborder visits annually, unencumbered telephone, postal and telegraph services, and East German cooperation in the transmission of West German television to all parts of East Germany. Gorbachev's promise, made in October 1988, that a "common European house" could not be built without an open door in Berlin, since "without it, the architecture of the house would be incomplete,"[35] provided very real hope of further movement on this crucial issue.

Cultural relations clearly are not, and should not be considered, a mere by-product of a favorable political, economic, or military environment. While almost inevitably they will be affected by any future deterioration in overall relations, they represent an important and independent part of the fabric of the East-West dialogue, and should be pursued in their own right.

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[35] *Washington Post*, October 23, 1988.

An End to the Division of Europe?

It is very difficult to determine in advance what changes in Eastern Europe will be considered compatible with Soviet security interests as well as with the general interests of "socialism." This difficulty is compounded when the Soviets themselves are in a state of flux on these issues, as they have been during the first years of Gorbachev's rule. Yegor Ligachev may have been sincere when he stated in Hungary that "we condemn it when others copy our practice without regard to their own circumstances,"[36] but it is indisputable that Soviet relations with both Czechoslovakia and East Germany cooled precisely because of the unwillingness of leaders in these two countries to take up Gorbachev's call for "new thinking."

On the other hand, Soviet leaders need change in Eastern Europe: they need viable economies with which to trade; they want political leaderships that are secure and not tottering on the brink of collapse; and they want a strong alliance, capable and willing to present a united front against NATO both at the bargaining table and in the remote eventuality of war. In other words, they need to transform the bloc from an unworkable empire into a voluntary association of allies.

But to do so requires the most careful balancing of conflicting factors, not least because the emergence of a strong alliance system will be regarded by many in Eastern Europe and the West as a setback for their maximalist aspirations of breaking down the post-war division of Europe. Setting in motion the process of change while seeking to control the direction and tempo in which it flows is full of dangers and can be achieved only with great skill and tremendous good fortune.

No transformation at all, however, would be a greater misfortune not only for the Soviet bloc but also for Western policy. Such an eventuality might come to pass if Gorbachev's reform strategy is successfully resisted by socialist conservatives resistant to change, and/or impeded by Western and East European revisionists who overplay their hands and demand too much, too overtly, and too soon.

The potential gains for both East and West from genuine cooperation in Europe are enormous: there are also risks and dangers. For Moscow, the danger lies in the breakup of the "socialist community," while for the West, it lies in undue strengthening of a potential adversary. But it is overwhelmingly in the West's favor to take such risks since failure will affect Eastern cohesion and viability more negatively than Western.

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[36] Budapest Television Service in Hungarian, April 26, 1987, *FBIS-EEU*, April 27, 1987, p. F7.

Since Stalin pronounced "socialism in one country," socialism has been an inward-oriented system, little influenced by external forces. With Gorbachev, the Soviet bloc—intellectually, politically, and economically—has become more externally open and absorbing of Western ideas. If there is a genuine opportunity to engage, and possibly help shape, the future development of political life in the Soviet bloc, failure to explore that opportunity fully would not easily be forgiven by future generations.

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John Kiser III is President of Kiser Research, a technology transfer and venture development company. The focus of Kiser Research activities is technology transfer from Eastern Europe to the United States.

Senator **Biden**. Thank you very much.

Professor Gati.

STATEMENT OF CHARLES GATI, PROFESSOR OF POLITICAL SCIENCE, UNION COLLEGE, SCHENECTADY, NY

Dr. **Gati**. Thank you, Mr. Chairman.

I am grateful for the invitation to testify before your committee. And I am particularly pleased that Eastern Europe is on your agenda.

I will not attempt to summarize my written statement; I would rather elaborate on some of my policy-related points.

The first point I would like to make, then, is that the United States must, in the months and years ahead, proceed on the basis of two contradictory assumptions. One assumption is that the radical changes underway in the Soviet Union, Poland and Hungary are for real; that we are witnessing the potential transformation of communism in those three countries, and possibly, later on, in others as well.

On the basis of this assumption, the United States clearly has a major opportunity to make at least a marginal contribution to the success of reform and democratization in three, and possibly more, countries in Eastern Europe.

Unfortunately, the second assumption is clearly contradictory. The second assumption for U.S. policy to consider is that these dramatic changes underway are reversible or, at the least, that they may be arrested in the months or years ahead.

They are reversible in the Soviet Union because of inevitable problems during a period of transition: because of the fear of the unknown, the lack of democratic tradition and, of course, extraordinary economic problems.

The changes may be arrested in Eastern Europe because of the possibility for a local crackdown, be that Poland or Hungary, for some of the same reasons that I mentioned in connection with the Soviet Union. But, in Eastern Europe there is an additional factor that suggests the possibility of reversal, and that is that a reversal in the Soviet Union would surely give rise to reversals in Eastern Europe as well.

Now, given these two contradictory assumptions, what policy flows for the United States?

It seems to me that the answer to that question is that the United States ought to pursue a cautious, prudent policy of support for reform in Eastern Europe. I emphasize here the words "cautious" and "prudent." Because it seems to me that too little support might well be useless. It would be insufficient to help important and difficult processes underway, and we will not make a difference.

On the other hand, too much support at this time would be used by officials to postpone difficult choices. They would ask themselves, Why make changes if things are OK?

Given, in addition, U.S. budgetary constraints, it seems to me that what we must watch for is that we do enough and that we do it before it is too late.

Now, Mr. Chairman, if we follow such a prudent and yet supportive course, and if—let me stress this—if Gorbachev remains on top in the Soviet Union, what can we expect to see in Eastern Europe in the years ahead?

Here, I will refer to my written statement on pages 6 and 7, where I outline my own expectations.

One, with respect to Poland and Hungary, I expect them to move toward policies in accordance with European social democracy. Within 2 to 3 years, both are likely to have functioning, genuine pluralism in the political realm and an expanding private sector in the economic realm. Both will remain in the Warsaw Pact, although their political association with the pact will be more formal than real.

Two, with respect to Czechoslovakia, I expect gradual changes in that country to take place, probably more in economics than in politics. I think Czechoslovakia will, within the same 2- to 3-year period, seek its place among the reformist countries of East Central Europe, though I hasten to concede that there is little hard evidence as yet to sustain my forecast.

Three, and finally, with respect to Bulgaria, East Germany, and Romania, I expect few if any changes to occur there as long as the present old leaders are in power. I also fear that their passing from the political scene will result in reform only after an extended period of power struggle.

I believe these are realistic prospects, Mr. Chairman, and yet they are, on the whole, very promising, indeed.

Let me emphasize that these expectations are rooted in the assumption that the United States, and the West in general, follow a prudent, but supportive policy and that Gorbachev stays on top of the situation in the Soviet Union.

Let me conclude by observing that for four decades, the U.S. Congress has spent billions of dollars in defense of democracy. I would like to believe, even if I am not sure, that most of that money was well spent. Now there is an opportunity to promote democratic values in a critical area of the world, where we never thought that democracy could succeed—certainly not in the short run.

I would like to express my hope, Mr. Chairman, that the U.S. Congress will provide the executive branch with the necessary tools to assist in the democratic transformation of Eastern Europe.

As I stated in my written testimony, there are considerable uncertainties and there are even considerable risks for the United States and the West, and therefore we must proceed cautiously, step by step.

But to end, if I may, with a cliche, it is better to have tried and failed, than not to have tried at all.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Gati follows:]

PREPARED STATEMENT OF CHARLES GATI

Mr. Chairman: In mid-1989 the future of all of Eastern Europe is more *uncertain* than it has been in four decades. The future of Poland and especially Hungary is also more *promising* than it has been.

Uncertainty stems from many sources:

First, the future evolution of the Soviet Union remains in doubt. Mikhail S. Gorbachev and his reformist course are under particularly strong pressure on three fronts. The shortage of consumer goods, including basic food stuffs, soap, and even matches, is one of his acute problems. Growing demands for decentralization and autonomy -- from the Baltic states to Central Asia and now even to the Ukraine too -- threaten the very fabric of the Soviet federation. Finally, industrial workers, including miners, pose a very real economic and political threat to his policy of perestroika. Under the circumstances, the message to Gorbachev's East European opponents in Romania, East Germany, Czechoslovakia, and Bulgaria -- the region's "gang of four" -- is that they should stand firm in the hope that time will prove them right -- that the Soviet reforms will fail.

Second, uncertainty results from the reversal of the reform process in China. While Poland and Hungary condemned the Peking massacre, the rest of official Eastern Europe upheld and indeed gained strength from the new trend toward "law and order" in China. Not incidentally, such different reactions offered new evidence of the profound division of the region's proprietors of power into reformers and anti-reformers.

Third, the inability of reformers in Poland, Hungary, and the Soviet Union (as well as in Yugoslavia) to make their *economic* reforms produce results so far has further encouraged both their domestic critics and foreign (i.e., "gang of four") adversaries.

Fourth, there is also growing uncertainty in Poland about the role of "Solidarity" in the political process and in Hungary about the strength of the opposition in the emerging political order.

The post-election situation in Poland approaches political anarchy in the sense that neither "Solidarity," the overwhelming choice of the people, nor -- apparently -- the Jaruzelski forces want to take full responsibility for the task of governing. Furthermore, the present governing elite cannot be easily replaced, not only because it wants to keep its privileges but also because members of the opposition have insufficient experience to run the country.

In Hungary, meanwhile, the pre-election situation is, at the least, fluid. Various opposition parties and movements enjoy support among intellectuals in Budapest, but they are certainly less known among workers and especially peasants outside the capital. It appears that economic pessimism rather than political optimism is the prevailing sentiment in that country.

Fifth, relations among several East European states are marked by high tension. An informal alliance came into being earlier this year composed of Romania, Czechoslovakia, and East Germany -- with Bulgaria and Albania joining in on occasion. Their immediate purpose is to isolate Hungary and Poland, while their long-term goal is to defeat reform both at home and abroad. There is reason to be concerned, though there is no reason yet to be anxious, about the "gang of four" attempting to spark civil strife in Poland and in Hungary, setting off dissatisfied workers against their countries' reformist leaders.

Finally, the ultimate source of uncertainty is, of course, the ever-present expectation that the reforms in Poland and Hungary will be reversed. That expectation effects the mentality of party members everywhere. It prompts others -- in Hungary more than in Poland -- to adopt a wait-and-see attitude. It strengthens anti-Gorbachev forces. Too many East Europeans remain deeply skeptical of the future in general and the future of the reform process in particular.

Mr. Chairman: Prevailing uncertainties in Eastern Europe are as understandable as they are unfortunate. They are understandable because they are rooted in experience. They are unfortunate because they tend to stifle further progress. Hence stressed that Gorbachev is inching toward the repudiation of the "Brezhnev Doctrine." Speaking to the Council of Europe on July 7, 1989, he said: "Any interference in domestic affairs and any attempts to restrict the sovereignty of states, both friends and allies or any others, are inadmissible."

Second, international conditions favor reform not only because of Soviet support but because the West actively favors it as well. Eastern Europe is very much on West Germany's agenda. As the President's visit to Poland and Hungary earlier this month made it clear, Washington is also interested. Such smaller countries as Austria and Finland exert considerable influence in Eastern Europe. It appears that the European Community is becoming a useful vehicle for Western participation in the region's future. Most important, perhaps, the West is united now in seeking to assist those East European countries -- Poland and Hungary -- that adopt productive, market-oriented economic structures and move toward genuine political pluralism.

Third, the reformist contingent in the Polish and Hungarian leadership is definitely ascendant. True, one does not know what the security forces may be planning to do, and therefore a domestic crackdown cannot be ruled out. Yet, in my view, the experience of the last eight years has convinced General Jaruzelski and apparently most of his colleagues that force offers no solution. In Hungary, meanwhile, three of the four members of the new party presidium -- Minister of State Imre Pozsgay, Rezso Nyers, the new party chairman, and the young prime minister, Miklos Nemeth -- are firmly in the reformist camp, with the orientation of the fourth member, General Secretary Karoly

Grosz, is more conservative. The Hungarian Minister of Internal Affairs, Istvan Horvath, is also identified with the party's reformist wing.

Mr. Chairman: Given all of the uncertain as well as promising trends, only a fool can be completely optimistic and only a cynic completely pessimistic about the future of Eastern Europe. I would characterize my own view as "cautiously optimistic." My expectations are as follows:

1. With respect to Poland and Hungary, I expect them to move toward policies in accordance with European social democracy. Within two to three years, both are likely to have functioning, genuine pluralism in the political realm and an expanding private sector in the economic realm. Both will remain in the Warsaw Pact, although their political association with the Pact will be more formal than real.

2. With respect to Czechoslovakia, I expect gradual changes in that country to take place, probably more in economics than in politics. I think Czechoslovakia will -- within the same two to three year period -- seek its place among the reformist countries of East Central Europe, though I hasten to concede that there is little hard evidence as yet to sustain my forecast.

3. With respect to Bulgaria, East Germany, and Romania, I expect few if any changes to occur there as long as the present (old) leaders are in power. I fear that their passing from the political scene will result in reform only after an extended period of power struggle.

The more optimistic parts of my forecast concerning the future of Poland, Hungary, and to a far lesser extent Czechoslovakia are based on the premise that the Gorbachev reforms will continue in the Soviet Union under Gorbachev's leadership. Should that premise turn out to be false, I expect most though perhaps not all of the gains already made in Poland and Hungary to be reversed and all future reform measures to be canceled.

Mr. Chairman: Permit me to conclude my testimony with a few comments on U.S. policy toward Eastern Europe.

First, it seems to me that the policy of differentiation is essentially correct. We should be more supportive of Poland and Hungary than of the "gang of four." This is because we should favor countries that move toward political pluralism, free-market economics, and respect for human rights. However, that old component of differentiation which sought to favor such East European regimes that distanced themselves from Moscow has outlived its usefulness. For, while before Gorbachev Moscow prescribed orthodoxy, under Gorbachev the winds of reform now emanate from Moscow. Accordingly, "distance" from the Soviet Union no longer serves American interests.

Second, U.S. policy in practice should steer between the views of those who speak of a "historic opportunity that should not be missed" and those who foresee only the "certainty of reversal." Clearly, the U.S. does have an opportunity to advance its political and economic values. We have fought wars and spent billions of dollars during the past four decades to contain communism. Now there is a chance to help some communist countries move away from one-party rule toward an open society. The cost is relatively low, the potential gain for democracy is high. On the other hand, our policies must take into account that the trends underway in Poland and Hungary -- and in the Soviet Union -- are still reversible.

Therefore, American policy should be prudently supportive of positive developments. Being "prudently supportive" means that the more the Poles and the Hungarians (and eventually others) help themselves the more they should be able to count on us. It means that we should offer incentives rather than grants to encourage the rise of new economic structures. There is no point in giving large grants to a Poland whose government still spends a large part of its state budget on subsidizing inefficient and unprofitable factories. We should wait -- and hope -- that Poland will soon have a government that moves toward a free market and accepts its consequences. Finally, being only "prudently supportive" also means that however jubilant we are over the region's prospective democratic transformation, we should act in the knowledge that the Soviet Union cannot and will not be simply wished away from Eastern Europe.

3. As my comments imply, I support the President's East European policy. I rate his recent visit to Poland and Hungary a success. I was in Budapest during his visit, and the response of Hungarians -- officials and private individuals alike -- was overwhelmingly favorable. Some officials wanted and expected him to deliver a larger aid package, while some opposition figures would have preferred less -- until further progress is made. I have no comparable personal experience in Poland, but I suspect that there is more understanding in that country too about both what the U.S. can be realistically expected to do and when (under what circumstances) more aid will be forthcoming. I may add that the President's speeches and statements were finely tuned: he offered a dose of American optimism without suggesting that Washington can solve the region's problems.

4. Perhaps the only area where I believe the West in general and the United States in particular should attemp to do more is in the area of debt relief. While we cannot do as much for Poland and Hungary as we are doing for Mexico, we do have a stake in making it possible for these two countries to get on their feet. My lack of competence in the complexities of international finance prevents me from making a specific recommendation, but it seems to me that the application of something along the lines of the Brady Plan should be seriously considered before the collapse of the Polish and possibly the Hungarian economies prompts a reversal of promising political trends -- in other words, before it is too late.

5. As for the often neglected issue of how our policies are and should be implemented and administered, I would like to express a view that runs counter to the received wisdom in Washington. I believe that even in this era of rapid communications, our ambassadors and indeed our embassies play a vital role in American foreign policy. Who is on the scene still makes a crucial difference. The deep respect that Ambassador John Davis has earned in Warsaw translates into respect for the United States; the extraordinary dynamism and creativity that are the hallmark of Ambassador Mark Palmer's presence in Budapest symbolize the very best that America can offer. The importance of our ambassadors in Eastern Europe should be fully recognized.

Mr. Chairman: If I may use this testimony for a final word of caution and encouragement, it is this: Four long decades of mismanagement (and worse) in Eastern Europe will not go away in a few months or even a year or two. We must be patient as well as persistent. Those who tend to be impatient about or are unduly skeptical of the promise of democratic change in Poland and Hungary should remember that our own democracy took many decades to evolve; we did not even have a Constitution for many years. What matters, therefore, is that a process we have long waited for has begun.

Senator BIDEN. Thank you very much.
Mr. Ambassador.

STATEMENT OF WILLIAM H. LUERS, PRESIDENT, THE METROPOLITAN MUSEUM OF ART

Mr. LUERS. Thank you, Mr. Chairman. It is a pleasure to be here. I expected that I would agree with Dr. Dawisha, and I always agree with Dr. Gati, and I do. So, I have chosen a different approach to this.

What I would like to do is give a few conceptual propositions that are necessary for us to consider if we are going to think in a new way about Central Europe as the center of potential change in the whole nature of our relations in East-West, and also, then to move into the question of the policy of differentiation, which I had a major role, I think, in developing.

First, to the propositions about a new thinking toward Central Europe. The fact that we are thinking about it is new. And that is good. But what are some of the problems in that thinking?

First, since the end of World War II, the United States has basically promoted the national identity of the small countries of Central Europe. We have also, in the process, promoted nationalism, whether we said we were or not, nationalism was the object of many of our efforts, whether it was against the Austro-Hungarian Empire after the October revolution, against Hitler, or after the Second World War, against the Stalinist takeover and the maintenance of Soviet power.

Now, as Western Europe seems to be on the verge of being united, a dream almost come true, and Eastern Europe seems to be entering a phase of national divisiveness on a scale of which many of us thought possible, but not nearly so rapidly, the question must come up whether a historic position of the United States in support of national identity and strong support for nationalism is a valid policy, given Western Europeans' interest in a future of a united Europe.

The second is that the United States has been opposed to Soviet influence in Central Europe from the very beginning, and certainly since the Second World War. The fact is that now, today, there are three or four regimes in Central Europe who are opposing the policies of perestroika and glasnost of Gorbachev. What is our attitude toward whether or not we want the Soviets to involve themselves in the process of encouraging change in such countries as Romania, Czechoslovokia, Bulgaria, and East Germany?

Third, the United States has really been a status quo power since the Second World War. The one radical change that we promoted was the decolonization of the Third World. Otherwise, we have been seen and perceived ourselves as a country that wants to maintain peace in the world.

Today, we are supporting, I think, the most dynamic revolution of the modern era. The question one must ask is, Are we equipped to deal with this? The revolutionaries know what they do not want—and by that I mean Gorbachev and the people who are transforming the nature of Poland and Hungary. They do not know what they want. And they do not know how to get there.

We know where we would like them to end up, where we think history tells them they should end up, but we have not the slightest idea how to undo Stalinism. What is our role in this revolution? And how can we play it without becoming a factor that confuses the process?

Then, the United States has built a policy toward Eastern Europe on what I have always considered a fallacious assumption that trade somehow relates to immigration. The Jackson-Vanik amendment, the Stevenson amendment, I think, have been a hindrance to our policy. I think they should be done away with.

But the fact is we are now faced with a paradox of a situation where the United States is going to begin to say about immigrants from Eastern Europe, these are economic immigrants, not political immigrants, and that we are not going to let them in. And second, the Western Europeans are going to find that the issue that most obstructs a constructive policy toward Eastern Europe for them is the fear of massive immigration from Eastern Europe.

What should our policy, therefore, be on immigration?

The United States and the West have evolved over the last 40 years a view of economic development, which believes, based on our experience in the Third World, that economic and political development either have to go hand in hand or economic development has to go first in order to make possible a political institution of openness and democracy.

Today, we are faced, in Eastern Europe, with a situation where radical political change is almost a prerequisite for sensible economics. Those countries have to change dramatically before they can deal with their economic situation in ways that we cannot even conceive of today. Certainly, that is true in the Soviet Union.

What does that mean for a whole generation of thinking about economic development?

We have called for an end to the division of Europe. It may happen. And yet the one issue that hangs over that whole question is whether or not our closest ally should be united with East Germany. This is part of a larger question of our 20th century mission of the United States, which was to make the world safe for democracy and protect the liberties of the Western World.

But if the issues are now shifting to be that we must think about protecting civilization from rot and the globe from being uninhabitable, how do we change our thinking?

Let me just say a few words about the issue of differentiation. I wrote in the Wall Street Journal last week, and I have it submitted in the record that I think that we should discontinue the policy of differentiation for several reasons.

[The information referred to follows:]

[From the Metmusart Executive, July 24, 1989]

STOP SPLITTING MOSCOW FROM THE BLOC

(By W.H. Luers)

President Bush's trip to Poland and Hungary next week offers him the chance to begin a new era of reconciliation with Eastern Europe. The United States should end the two-decade-old "policy of differentiation," which promoted divisions in the Warsaw Pact, and instead encourage the region to join an open and united Europe.

Formulated during the detente years of the 1970's and in the confrontational early 1980's, the policy of differentiation encouraged domestic reform and foreign policy differences in the region by using carrots (most-favored-nation treatment, credits, high-level visits, and exchanges) and sticks (stern economic sanctions and severely restricted contacts). It was enunciated most emphatically by then-Vice President Bush in Vienna on September 21, 1983:

"Our policy is one of diffentiation; that is, we look to what degree countries pursue autonomous foreign policies, independent of Moscow's direction, and to what degree they foster domestic liberalization. * * * The United States will engage in closer political, economic, and cultural relations with those countries such as Hungary and Romania, which assert greater openness or independence."

To Soviets, the differentiation policy meant the United States wanted to divide and conquer—to promote separation from Moscow and differences among the Warsaw Pact countries. Division was indeed one of the objectives, and U.S. actions may have contributed in a small way to the crisis of socialism today in Eastern Europe.

The policy of differentiation was based on several assumptions about Soviet policy that are no longer valid. First, it assumed that Moscow defined the limits of reform for Eastern Europe and that the Brezhnev doctrine justified use of military power in case those limits were exceeded. Soviet policy has changed. Today, with reform and even democracy beginning to blossom in Poland and Hungary, the Brezhnev limits and suppression policies, if not dead, are dormant. It is in the U.S. interest to enunciate an approach that encourages them to a long sleep.

Second, the policy assumed that the reform government was most likely to flourish in the most Western of the Warsaw Pact countires and that the Soviet Union would remain the stodgiest of the Marxist-Leninists. It was designed in part to stimulate the reform instincts in Eastern Europe in order to impress reform realities on the Soviet Union. Today that assumption is wrong. Mikhail Gorbachev's innovative, if erratic, reforms will drastically reshape communism wherever it still has pretensions.

Third, the policy of differentiation was designed to encourage Warsaw Pact countries to risk bold differences from Soviet foreign policy. For example, the United States found in Romanian President Nicolae Ceausescu a model of nationalism and deviation from Moscow's foreign policy. Yet this opportunistic approach to a nationalist dictator led the United States down a path reminiscent of the one it had gone down with the likes of Somoza in Nicaragua. President Ceausescu, who turned on Romania's Hungarian minority and, indeed, on his own people, for two decades was seen as our man in Eastern Europe.

The United States thus gave confusing signals about the true purpose of differentiation. Did we also seek to rekindle ethnic nationalism and border disputes as a means of weakening the Warsaw Pact? It seems we did. Today the most incendiary source of change in Eastern Europe is ethnic nationalism. It is no longer in the American interest to continue to pursue a policy that is designed to promote nationalism and differences with Moscow.

Finally, the policy of differentiation was the child of the policy of containment. Since the NATO alliance was never going to go to war to roll back the Iron Curtain, the United States sought to foment change and diversity behind the Iron Curtain. Now that this is happening, the United States should work with a strong Western Europe to try to make the progress peaceful and irreversible. To move beyond containment we must move beyond differentiation.

For the first time since the end of World War II, the United States and the Soviet Union have common interests in Eastern Europe beyond those of avoiding open conflict and perserving borders. The Soviets' desire for more viable economies in the region makes them tolerate new approaches to political rule that would have been inimaginable only a year ago. Moreover, the United States and the Soviet Union desire to reduce their military presence in Eastern Europe is being tested in negotiations and in the Bush/Gorbachev competition to be the most "dis-arming" superpower leader. Also, both countries want more open trade and better investment opportunities in Eastern Europe. Washington and Moscow would like all this to happen without the explosive, even revolutionary, episodes that have set back reform in the past. Not a bad common agends.

All this is not to say that the United States doesn't still have profound differences with the Soviets over Eastern Europe. The Soviet Union imposed Stalinism on the region by force and, until this spring in Poland, never permitted a free vote. It cannot now wash its hands of those reactionary Eastern European leaders determined to ignore perestroika and the views of their people. Also, it is by no means clear that the Soviets' bold talk about reductions in conventional forces will have any effect. Moreover, if Mr. Gorbachev changes direction or is ousted, there are no guarantees that the Iron Curtain will not come crashing down again. The tragic reversal of the Beijing spring is a potent reminder that Communist leaders cede power to democratic process with great reluctance; it has not happened yet.

Dangerous ambiguities remain between Moscow and Eastern Europe. The Soviets say socialism will continue to be the economic system in the region, but they have left its definition awkwardly and deliberately vague. They have said they will not use force again in Eastern Europe as long as the countries respect socialist options already adopted. That is a distubing qualifier and sounds like a kinder and gentler Brezhnev doctrine. It is also unclear whether Moscow ultimately will be prepared to accept the almost certain loss of control by the Communist parties of Poland and Hungary.

Eastern Europe requires a new American vision. This doesn't mean the United States should provide large-scale credits or a Marshall plan; such schemes would reduce the impetus for serious economic reform. But it should work to expand trade, cultural, and political relations with all Eastern European nations.

Eastern Europe is on the verge of one of the most dramatic and difficult transitions in its tumultous history. If Poland and Hungary are to move peacefully to a form of democracy, the citizens of those countries will have to continue their meas-

ured march, the Soviet leadership will have to feel unthreatened, and the United States will have to restrain the impulse to settle scores with communism.

The United States will have different policies and programs with each of the nations of the region, supporting in all of them reform and respect for human rights. But at a time when discord and tensions are dangerously on the rise among and within the Warsaw Pact nations, the United States should cease the policy, which is perceived by Moscow as encouraging nationalism and divisiveness. One of the most eloquent American responses to Mr. Gorbachev's mischievous but hopeful call for a common European home would be to proclaim the end of the era of "differentiation" and the beginning of an era of reconciliation with all the nations of Eastern Europe.

[From the Metmusart Executive, July 25, 1989]

THE DYING OF COMMUNISM—IN CENTURIES TO COME COMMUNISM WILL LIKELY BE VIEWED MUCH AS WE VIEW ALCHEMY TODAY

(By William H. Luers)

The events of the last few weeks dramatize several stages in the dying of the most powerful ideology of the modern era. Communism, according to Webster, is the "final stage of society, in Marxist theory, in which the state has withered away and economic goods are distributed equitably"—a utopian idea that has never even come close to fruition in any country. Communist parties designed totalitarian structures to build communism and impose the future on societies. It all failed.

The idea of communism has gripped the globe for nearly a century. It attracted the have-nots because it offered a hope for the future. Thanks to Lenin's organizational and revolutionary genius, the Communist Party became a tool for those who wanted to seize power and hold it. It was the ideological—even spiritual—attraction to millions who came to believe in the simple and compelling idea that an egalitarian society could exist without government and without money. Dreamers, cynics, the disenfranchised, and the ruthless found common cause in communism.

The regime of Joseph Stalin kindled the first awareness of the brutality of the effort to build communism, and his death in 1953 shocked millions of Soviet citizens into a realization of how fruitless it was. The Russian poet Yevgeny Yevtushenko wrote of Stalin's death: "Trained to believe that they were all in Stalin's care, people were lost and bewildered without him. All Russia wept. And so did I." Yevtushenko described the "terrifying and fantastic sight" of the tens of thousands of fanatics who surged into the center of Moscow in a "monstrous whirlpool" to see Stalin's corpse. Hundreds were crushed to death in the mob. This moment in 1953, unrecorded by television, was brought back last month as the tens of thousands of Shiite Muslims crushed each other around the corpse of the dead ayatollah. When a totalitarian system becomes embodied in a single person, the system itself often begins to die when he does. Stalin's death was the first stage in communism's long dying.

A Failed Effort.—The second stage was the failure of the energetic and erratic effort by Nikita Khrushchev to infuse the discredited ideology with a spirit of reform and renewed belief. I lived in Moscow in the first half of the 1960's and saw the bold promise of the Khrushchev era emblazoned on posters and banners throughout the nation: "Our generation will live under communism."

The crushing of the "Prague Spring" in 1968 was the third stage in the dying of communism. The Czech experiment was really the last major popular effort in Central Europe to "reform" the system, to shape some form of humane socialism out of the rubble of Stalinism. Its suppression left only the desperate realization that what was needed was a radical change in the system if the economies and societies of Eastern Europe were to be revived.

*TV and Fax Machines.*The events in Tiananmen Square recall Prague in 1968. We witnessed last month, as we did then, the naivete and spirited abandon of young people, intellectuals, journalists and officials discussing freedom and democracy with the outer world via television and the fax machine. The crushing of that spirit in Tiananmen Square ended the hope that the Communist Party had the trust of the people and could lead reform.

A fourth dying of communism was the free popular vote in Poland this month. This was not a spirited outpouring of public support for Solidarity as much as it was a sullen, determined and total rejection of communists and communism as an idea. The results of the Polish election suggest to the authorities in Warsaw, to all the regimes in Eastern Europe and most certainly to Gorbachev that the reforms on the taable are not radical enough. Much more must be done to restore a relationship between government and the governed.

Today the noun "communism" has virtually disappeared from the vocabulary of the Soviet Union and the nations of Eastern Europe. One never reads of hears about communism in those countries. Idealists and cynics alike steer clear of the word just as an old man avoids the word "death." In the Soviet Union the theoreticians and party officials now discuss socialism—what is it? how to define it?—but they never mention communism. It is no longer taught in Soviet schools. The slogans about communism on Soviet buildings and in the streets have disappeared. Little wonder that Gorbachev's reforms are guided by a vocabulary that has nothing to do with the bankrupt language of communism. Perestroika, glasnost, democratization and "new thinking" are fresh Russian words about the democratic process of today, not about a utopian future.

In centuries to come communism will likely be viewed by compilers of dictionaries much as wee view alchemy today. In defense of alchemy, much of the beginnings of modern science may have originated with the alchemists and with those determined to prove they were charlatans or witch doctors. The century-long struggle to deal with the idea of communism has given idealists, romantics and pragmatists an opportunity to address the issues of liberty and equality in modern society. But at great human cost.

Gorbachev's revolutionary change of the Soviet system has begun a new era in which communists and noncommunists alike will try to find peaceful ways to unravel the totalitarian structures of power that were designed to build communism. It will be a delicate and dangerous process, involving, among other things, the desanctification of Lenin as the founder of the Soviet ideology and authority. No one can predict what these societies will look like at the end of the unraveling. Central Europe may turn to something like West European socialism or to a new form of repressive military rule—or to a hybrid of both.

Mr. LUERS. First, differentiation was based on certain assumptions about what was happening in Eastern Europe. And they were correct assumptions at the time, and I think it was a correct policy. First, it assumed that Moscow defined the limits of what could happen in Eastern Europe and the Brezhnev doctrine defined when armed forces were necessary to maintain those limits.

I do believe that, although Gorbachev has said it over and over again that, in fact, these limits are only vaguely defined now and there is going to be a real effort, on the part of Gorbachev at least, and hopefully his successors, not to use force again in Eastern Europe. I do not believe, necessarily, that it will never happen, but I think we should devise policies to encourage it not to happen.

Second, the policy assumed that the reform movement in Eastern Europe was most likely to flourish in the Western countries of Eastern Europe and that the Soviet Union would always be the most behind in the process of trying to modernize their societies. Today, when the Soviets are trying to be in the forefront of reform, a policy which was designed to encourage reform in Eastern Europe so that it would have an impact on the Soviet Union is out of date.

Finally, I think that the policy of differentiation was basically the child of the policy of containment. We were never going to use the armed forces to change the borders of Central Europe, but we were going to try to build behind that wall a way of creating an environment in which all the countries disagreed with each other and found their own future.

That, I think, is a policy no longer desirable or helpful, in terms of the evolution of the common interest that I think, in many areas, the United States and the Soviet Union now have.

We and the Soviet Union, although having profound disagreements in this region still about the freedoms of these people, now, for the first time, may have some common objectives; which is the improvement of the conditions of these people in a peaceful environment; which is permitting them to seek their own political future in an environment of democracy and to return to the possibilities of a united Europe.

In pursuit of that, I would associate myself with what has been said by Dr. Dawisha and Dr. Gati on our policy. I would only add that I wish we would drop the term "the policy of differentiation." I wish we would repeal the Jackson-Vanik and Stevenson amendments. And I wish we would talk to the Soviets directly on the subject of what we should do together to make sure that what happens in Eastern Europe, happens peacefully and for the good of those people.

Thank you.

Senator **Biden**. Professor Stent.

STATEMENT OF ANGELA STENT, ASSOCIATE PROFESSOR OF GOVERNMENT, GEORGETOWN UNIVERSITY

Dr. **Stent**. Thank you very much, Mr. Chairman.

Let me say how pleased I am to be here today at these hearings.

I am going to do something a little different from what my colleagues have done; I am going to say a little bit about the increasing role of Western Europe in East European developments, how the United States and the West Europeans can maybe coordinate in this area, and then turn to developments within East Germany, the German Democratic Republic, and say a few words about the future of the German question.

My first point is that, as Eastern Europe searches to deal with its considerable economic difficulties, Western Europe is becoming increasingly active and appears to be the major hope for avoiding a further economic crisis in Eastern Europe. The governments of Eastern Europe, whether they are reformists or not reformists, backed by the Soviet Union, have explicitly appealed to Western Europe to help them overcome their economic difficulties.

And I would argue that the major impetus behind Mikhail Gorbachev's protean and graphic concept of the common European home is to engage Western Europe in stabilizing Eastern Europe, and to ensure that the Soviet Union never again has to use military force to intervene in Eastern Europe.

Both the Soviet Union and Eastern Europe fear that after 1992 and the creation of a single West European market, COMECON will become increasingly isolated economically; hence the sudden change in Soviet policy that came with the recent recognition of the European Community and the negotiation and conclusion of agreements between the Common Market and individual East European countries.

Eastern Europe wants to be included in the process of West European integration as much as possible, to the extent where Hungary has recently expressed interest in joining the European Community.

President Bush, during his recent Paris summit, has endorsed this closer West European cooperation with Eastern Europe, much to the satisfaction of the Soviet Union, which has, of course, explicitly included the United States in this common European home. We are not sure whether it is going to be a permanent lodger or a tenant that can be evicted, but the United States does have a role in the common European house.

So, at the moment, I think it is a good development that we seem to have Western unity on the need to get involved in helping East European economies overcome some of their difficulties. I, however, remain quite skeptical where the closer East-West economic cooperation, closer U.S. or West European involvement in the East European economies will be sufficient to salvage these economies, or whether, in fact, they are beyond repair. But, we can still try.

The West European country most intimately involved, of course, in these exchanges with Eastern Europe is the Federal Republic of Germany. It has the most coherent, the most active, the most coordinated policy toward the region because of its unique political and geographical stake in the area.

Recently, the Federal Republic has explicitly linked economic incentives to human rights concessions in Eastern Europe, largely for reasons that were mentioned by Ambassador Leurs. There is growing domestic resentment in West Germany about the increasing flow of emigres from Eastern Europe, and they would prefer that people stay in Eastern Europe and not leave, and they want to make their life more bearable there.

Other West European countries have tried to imitate the West German policy, but so far, they have lacked the historical, political, or economic clout in the area.

Let me now turn to the German Democratic Republic, to East Germany which, of course, remains the linchpin of the Soviet security system in Eastern Europe.

The East Germany leadership has, by and large, supported Gorbachev's foreign policy, particularly his emphasis on closer ties between the two halves of Europe; again, largely because this is economically beneficial to the GDR.

However, East Germany has been somewhat concerned about the recent rapprochement between the Soviet Union and the Federal Republic of Germany, particularly given Gorbachev's rapturous welcome in Bonn last month. The East Germans always have a residual fear of some Soviet-West German deal that will be concluded against their interests.

But, aside from that, they supported Soviet foreign policy.

Domestically, however, and my colleagues have alluded to this, East Germany has resisted both glasnost and perestroika. East Germany is the one East European country where the Soviet economic system has functioned rather well. It has the highest standard of living in COMECON. And its economy, however, is not performing as well as it used to. It is being increasingly challenged in the microelectronic area by the newly industrializing countries of the Pacific Rim.

Nevertheless, the East Germans maintain that they do not need economic reform. Their unique economic relationship with West Germany has enabled them to avoid many of the problems affecting other East European economies. But, so far, they have made no moves in the direction of an economy oriented more toward the free market.

Politically, the leadership has felt increasingly challenged by the tumultuous political changes occurring in the Soviet Union, Hungary, and Poland. East Germany has, time and time again, censored some of the Gorbachev's speeches; it has refused to publish some of the more innovative Soviet and East European political and economic proposals. The East German regime was one of the first in Eastern Europe to enthusiastically support the recent crackdown in Beijing.

The ruling politburo in East Germany fears that any liberalization of political expression would threaten this rather fragile regime, based on a rather tenuous national consensus, in a country where there is no firmly established national identity. Hence, this great resistance to the kind of changes that are occurring in other parts of Eastern Europe.

Is there any embryonic or organized political opposition in East Germany as there is in many other East European countries, even ones where the governments have failed to move toward reform?

My recent discussions with East Germans have indicated that among some younger party members, there is some restiveness at the rigid response of the older members of the party in the political elite to what is happening in East Germany. But these are murmurs; this is not a movement. Gorbachev is, of course, a popular hero among many of the younger members of the population.

The Protestant Church in East Germany has increasingly become a haven for those wishing to emigrate or criticize the government. However, its role is no way analogous to that of the Polish Catholic Church, which embodies both religious, national, and political traditions that the East Germany Lutheran Church lacks.

And many of the dissidents in the German Democratic Republic, unlike those in other East European countries, remain anticapitalist and firmly socialist in their outlook.

The East German regime has exported most of its dissidents to West Germany. This is often a rather lucrative enterprise. And it has virtually and effectively, I think, prevented the growth of an indigenous, organized opposition.

What does this imply for the future?

The current aging leadership in East Germany—and again, we have heard reference to this—will be replaced. But, from everything we know about Mr. Honecker's current potential successors, there is no East German Gorbachev waiting in the wings.

East Germany remains a rather stable, conformist country. There are few signs of imminent political explosions, although Professor Gati is quite right that this might come following a succession. And yet, who would have predicted in 1985 how Mikhail Gorbachev would have evolved; or, indeed, that in 1989, General Jaruzelski would have been asking—some would say begging—Solidarity to enter into a coalition government. In other words, there are many unpredictable elements here.

The unpredictable changes occurring in Eastern Europe have, inevitably, raised the question of the future of both Germanies.

And I want to come to my final point now on the future of the German question. If the construction of the common European home is ever completed, how would the connecting doors between the East and West German apartments look?

Despite various tantalizing hints by Gorbachev and other Soviet officials, the Berlin Wall is not about to be dismantled. The division of Germany will continue.

Closer links between the two Germanies will also continue. The East Germans seek them for economic reasons; the West Germans for political reasons. But there is less than meets the eye to the vague Soviet suggestions of a new inter-German relationship.

What is changing, and this does have implications for the United States, is a growing perception among some parts of the West German population that it is the United States and not the Soviet Union that is ultimately retarding progress toward German reunification.

It would, I think, be advisable for the United States to reiterate its support for the West German and, indeed, the NATO position on this issue, to make sure that people in both halves of Europe realize that despite Gorbachev's conciliatory gestures and his rhetoric about the cold war era ending, the division of Europe will remain unless the Soviet Union redefines the meaning of security much more radically than it has up until now.

If the United States can make this clear and do everything possible to encourage democratic change in Eastern Europe, including in East Germany, although this is a very difficult task, then I think the United States will be able to counter Gorbachev's dynamic gestures toward Western Europe and the sense that the Soviet Union has a very active policy with its own overtures toward Eastern Europe.

Thank you.

Senator BIDEN. Thank you.

Mr. Nowak.

STATEMENT OF JAN NOWAK, POLISH-AMERICAN CONGRESS

Mr. NOWAK. Mr. Chairman, the Polish-American Congress greatly appreciates this opportunity of sharing our views with you and with the committee. And I am grateful for you including me in this panel.

Now, twice in the last few days, the Washington Post quoted Soviet striking workers as saying that they are following the model established by the Polish Solidarity. Now, the strike was just brought to an end by concessions—by the Soviet concessions, not by repressive measures. And it is over, but the striking committee will stay and may become a nucleus of the independent trade union movement in the Soviet Union.

And this would mean a fundamental change of the Soviet system which, until now, was based on a dogma that only a socialist state can represent the workers and defend their interests.

Now, this development is particularly important to the United States because demands of the workers can be met only by reducing military spending. There is no other way of doing this. I believe, and I put it in my written statement, that the United States is now collecting the dividends from its bipartisan policy of differentiation, which has been followed since 1956.

Without this policy, neither Solidarity nor the changes in the Soviet Union could have been considered. The Soviet workers would not even know about Solidarity if not for the broadcasts of Voice of America, Radio Liberty, and Radio Free Europe. Workers in Workuta would not know, or workers in Donetz would not know that the workers in Workuta are striking. That is one.

Two, without funds approved by the Congress and channeled through the National Endowment for Democracy, and without the assistance from the AFL-CIO, Solidarity would not have survived this last 8 years as a viable force for change. There would be no underground press, no underground publication, no underground Solidarity network without this kind of assistance.

Finally, the policy of stick and carrot did work in the case of Poland. The U.S. flexible policy of economic sanctions, coupled with the pledge of economic assistance if Solidarity is restored, brought desirable results.

Jacek Kuron, one of Solidarity's leaders, upon his release from jail in September 1986, went directly from his cell to the U.S. Embassy to thank America for his freedom.

Now, we believe that the United States policy of differentiation serves best our main goal, which is to diminish and eventually to eliminate the Soviet threat to world peace.

Now this view has been opposed by the distinguished U.S. diplomat, former Ambassador Luers both in his article in the Wall Street Journal and in this conference. So, Ambassador Luers enjoys great admiration in our community for his courage displayed when he was stationed in Moscow in the 1970's and maintained contacts with the dissidents at great risk to his career.

But in this case I have to take exceptions from his views. Ambassador Luers wants the United States to stop splitting Moscow from the block. Now we call it differently. We believe that it is Moscow who should abandon its domination of East European nations and allow them to choose freely their own government. You cannot call it a split from the block which is something undesired.

America would betray not only its own interests but its own values if it would follow this advice. Gorbachev is doing his best to drive a wedge between Western Europe and the United States, between Germany and the North Atlantic Alliance. Why should we make this kind of unilateral concession when we cannot expect reciprocity.

Ambassador Luers believes that freedom of East European nations would unleash mutual ethnic strives and border disputes. And he believes that United States and Soviet Union has common interests in avoiding such conflicts. Well, I think, Mr. Ambassador will prove to be right if collapsing Communist regimes are succeeded by dictatorships—dictatorships that would seek support of people by appealing to their chauvinism and xenophobia. He would be proved wrong if the Communist system is replaced by democratic movements and democratic systems. Solidarity is a democratic movement and does not ask for change of existing borders. It seeks friendship and cooperation with all such movements in Eastern Europe.

Right now, yesterday, a delegation of Solidarity was in Prague talking to Cardinal Tomasak and to the members of Chapter 77. Today they are talking to Dubcek in Bratislava. Solidarity formed already Polish Czechoslavic Solidarity, Polish Hungarian Solidarity. It established close friendship with the Lithuanian organization and is seeking the same kind of understanding and rapprochement with all its ethnic neighbors based, as I say, on the recognition of existing borders.

Well, Mr. Ambassador recommends that we should join hands with the Soviet Union to encourage process in Bulgaria, East Germany, and Czechoslovakia. I believe we should continue to press Moscow to refrain from any interference in the domestic affairs of these countries, abandon the Breshnev doctrine, noninterference, this way or the other.

Now, we are facing a historical opportunity for fundamental change which can be easily lost. Experimenting democracy of Poland and Hungary is extremely fragile. Any further deterioration in economic conditions, any other dramatic price hike will trigger off, will trigger another upheaval which may change Solidarity, victory, into defeat.

In my view we should do, in our view we should do everything possible to prevent this, the unfolding of such a scenario. Unless they receive timely support, they may be destroyed sooner than we expect. Since 1956, the Polish workers have demanded bread and freedom. They are getting more and more freedom and less and less bread.

Now, these two trends are bound to collide and quite soon unless something is done to stem this trend downward in economic conditions.

The upheaval in Poland would bring to power hardliners which are recommending a Chinese solution in Poland. They believe that small minority in power can cling to this power only by using terror.

Now, as I say, timely assistance can save the situation in both of these countries. President Bush offered 1 percent of the amount requested by Lech Walesa. Walesa recommended a sort of a martial plan of $10 billion. Well it was generally received as unrealistic. Bush has offered 1 percent of this amount, $100 million in support of private sector of the Polish economy.

The people of Warsaw responded with a joke: Is the $100 million already offered by the Polish-American millionaire Barbara Johnson included in this, in this sum? Now last Friday the U.S. House of Representatives slashed even this amount of money to $10 million, appropriated in the foreign aid bill for fiscal year 1990. The assistance of Hungary was reduced from $25 to $5 million.

Mr. Chairman, I do not want to be frivolous. But what would you say if, as evidence of my generosity, I offer you a loan of $100 and the next day I would tell you that I would repay it in $10 annual installments. Of course the psychological impact on the Poles and Hungarians has already been devastating.

I enclosed in my written statement the reaction of Janos Kis, a well-known leader of the Hungarian opposition, who says that it counts as a frustrating disappointment.

Mr. Chairman, I am afraid if the House appropriation, reducing the President's offer to $10 million, is endorsed by the Senate, it will influence the policy of our allies in Europe whose assistance President Bush was trying to enlist in Paris. And this way a broad strategic concept presented by the President in Warsaw, Budapest, and Paris may be reduced to sheer rhetoric by short-term fiscal considerations.

I do not want to be misunderstood. The Polish-American Congress supports the costly but necessary policy of deterrence. We realize that this country's resources are much smaller than they were at the time of the Marshall plan. But, at the same time, in this same news bulletin of the Voice of America, it was broadcast that the State Department's explanation that the United States cannot afford more than $10 million this year and in this same bulletin it was broadcast that the United States is contemplating a trip to Mars in that which would cost $400 billion, and the story of the B-2 bomber fleet with each plane costing half a billion dollars.

We ask only that there is a right balance between military and nonmilitary means of achieving our main goal, the reduction and possible elimination of the Soviet military threat. We are afraid that our society has been so hypnotized by the awesome power of modern technology, that we tend to forget that after all it is the power of the human mind that has been the driving force in the history of mankind.

What is going on now in East Central Europe and the Soviet Union may prove to be a historical turning point. The day may not be far away when it will be safe to divert the tremendous resources now spent on defense to such projects as the exploration of outer space and human progress on Earth. To bring this day nearer, let us not lose the present opportunity which may not repeat itself.

[The prepared statement of Mr. Nowak follows:]

PREPARED STATEMENT OF JAN NOWAK

1. Policy on Differentiation -- Successes

Twice in the last few days, The Washington Post has quoted striking Soviet workers as saying that they are following the model established by Solidarity in Poland. The strikes may be brought to an end by government concessions, but the workers' strike committee will stay and may become the nucleus of an independent trade union movement in the Soviet Union.

Such a development would fundamentally change the entire Soviet system. Until now, it has been based on the dogma that a socialist state has the exclusive right to represent and defend the interests of the working class.

Few people realize the extent to which the U.S. bipartisan policy of differentiation has contributed to the present process of non-violent change within the Soviet orbit. For example:

1) The defense of human rights became a cornerstone of U.S. foreign policy under the Carter Administration and was continued under presidents Reagan and Bush. The defense of human rights became a battle cry and rallying point of the dissident movement in the late 70s. In Poland, a dissident organization -- KOR -- dedicated to the defense of workers' rights, brought Solidarity to life.

2) U.S. policy has been based on a clear distinction between the communist governments of Eastern Europe and the people. In

fact, it is a dual-track policy. The dialogue with the regimes is conducted through diplomatic channels. The dialogue with the people is conducted through the mass media, such as the Voice of America, Radio Free Europe and Radio Liberty. All-day broadcasts by Radio Free Europe and Radio Liberty focus on internal developments in each target country and serve as a communication channel between the water-tight compartments of separate communist states. Without Western radio, particularly without Radio Svoboda, Soviet workers in Siberia would have no idea of Solidarity and no knowledge of its recent astounding successes. There would be no example to follow.

3) Without the bipartisan policy of differentiation, Solidarity would not have survived martial law in 1981. Economic sanctions, coupled with the pledge of economic assistance if Solidarity was restored, did work in the case of Poland. Responsible leaders of Solidarity are on record as saying that the series of amnesties and the subsequent angry toleration of the opposition was a direct result of the American policy of carrot-and-stick. Jacek Kuron, after his release from jail in September 1986, went directly from his cell to the U.S. Embassy to thank America for his freedom.

Without funds approved by the U.S. Congress and channeled through the National Endowment for Democracy, and without assistance from the AFL-CIO, there would have been no underground press, radio, books and no underground Solidarity network; no equipment or means to keep Solidarity alive and strong.

U.S. support for Solidarity has been based on the unwritten and unspoken understanding that Solidarity would not resort to violence. And Solidarity, with its leader Lech Walesa, became the most important and successful civil disobedience movement since Mahatma Gandhi and Martin Luther King.

2. Policy of Differentiation -- Setbacks

It is true to say that the policy of differentiation also suffered some setbacks. It happened in the case of Rumania when Ceaucescu was rewarded for his defiant policy towards Moscow and in the case of Poland when the U.S. and its Western allies were pumping government-guaranteed credits into the inefficient Polish economy without any conditions or strings attached, only to support Edward Gierek, who was considered at that time more pro-Western and more "liberal" than other communist leaders.

The policy of the carrot-and-stick does not work when it is limited to the support of communist dictatorships which choose greater independence from Moscow. It bears fruit if it rewards the regimes who grant a greater degree of internal freedom and democratic and economic reforms. The policy of differentiation succeeds when it supports non-violent popular pressure as a driving force of gradual change towards democracy. The story of Poland since 1956 provides telling evidence of how effective such popular pressure can be.

Ambassador Luers recommends that the differentiation policy should be abandoned, since greater independence of East

European nations would in his view unleash nationalism, ethnic conflicts and border disputes. He will prove to be right only if the collapsing communist system is succeeded by dictatorships that would seek support of the people by appealing to chauvinism and xenophobia. He will prove to be wrong if the communist systems evolve into democracy.

Europe and the United States have a vital stake in such democratic evolution in East-Central Europe and, indeed, in the entire Soviet empire. The alternative would be aggressive totalitarian dictatorships seeking solutions of their internal problems in expansionism. We shall not achieve this objective if we abandon our interest in Eastern Europe as Ambassador Luers seems to suggest (W. H. Luers: "Stop Splitting Moscow from the Bloc", Wall Street Journal, July 7, 1989).

Solidarity as a democratic movement does not raise border issues. It seeks reconciliation with all its neighbors, based on presently existing borders. Adam Michnik has just returned from Moscow. Lech Walesa will see Gorbachev. At the initiative of Lech Walesa, Polish-Czechoslovak and Polish-Hungarian Solidarity organizations have been formed. A delegation of Solidarity was in Prague yesterday talking with members of the 77 Charter movement and to Cardinal Tomasek. Today, the delegation is in Bratislava, talking to Dubcek. Cordial relations and cooperation have been established between Solidarity and the Lithuanian Sajud organization, as well as with the Ukrainian dissident movement. The Polish-American Congress believes that the United States itself should be actively involved in fostering such movements toward reconciliation. In fact, it is already being done on a very small scale by the National Endowment for Democracy.

3. U.S. Objectives in East-Central Europe

Mr. Chairman, in our view, the main objective of U.S. policy is to reduce and eventually to eliminate the Soviet threat by peaceful means.

In our opinion, the present bipartisan policy, as outlined here, serves this objective well.

More than 40 years ago, the Marshall Plan saved Western Europe and the rest of the world. Soviet Communism was at that time on the offensive. It had tremendous appeal to nations impoverished by World War II, particularly France and Italy. Today, communism is in retreat, its economy is collapsing. It is democracy which is on the offensive. The prosperity of the democratic countries, big and small, has created a magnetic attraction to millions of people from Elba to Vladivostock who live in dire poverty. Adequate economic assistance to such countries as Poland and Hungary, properly conditioned and closely tied to institutional changes, the expansion of the private sector, economic and political reforms, could play no less a role than the Marshall Plan 40 years ago. But this time it would foster the gradual dismantling of the communist system. Or if you will, a rollback to democracy.

The conditionality of any assistance is key. Conditions make the assistance an instrument of influence.

The United States is facing a historic opportunity which may be easily lost. The Polish and Hungarian experiments in democracy are fragile. Unless they receive timely support they may be destroyed sooner than any of us might now expect. In order to qualify for IMF stanby credits, Poland plans to decontrol agricultural prices. This means a two or three-fold increase in the price of food in August or September. Walesa believes that a price hike of such magnitude will generate a wave of strikes, possibly riots, which overnight could turn Solidarity's victory into defeat. Only emergency supplies of basic foodstuffs can save the situation.

Since 1956 Polish workers have demanded bread and freedom. They have been getting more and more freedom but less and less bread. More freedom means that the people are more assertive and have a greater sense of their own power. In fact, they are probably not as strong as they think and the government is not as weak as they may perceive it to be. The discipline of the army and the police have not been affected by the successes of Solidarity.

Both trends are on a collision course.

In all probability, another upheaval suppressed by the massive use of force would bring to power the party hardliners who believe that the ruling group can cling to power only by applying the Chinese solution. A victory of the hardliners, coming so soon after developments in China, would strengthen the hands of those party elements who are in opposition to perestroika and glasnost everywhere, but above all in the Soviet Union. It is therefore in the vital interest of the United States that such a grim scenario should not be allowed to unfold. It can be avoided only by properly conditioned but adequate economic assistance, closely supervised and synchronized with every stage of economic and political reform.

As you know, Lech Walesa asked for ten billion dollars -- a figure which is generally considered unrealistic. President Bush offered one percent of this amount -- $100 million -- in support of the private sector of the Polish economy. The people of Warsaw responded with a joke: Is the $100 million already offered by the Polish-American millionaire, Barbara Johnson, included in this sum?

But last Friday, the U.S. House of Representatives slashed even this amount to $10 million -- appropriated in the foreign aid bill for fiscal 1990. The assistance to Hungary was reduced from $25 million to $5 million. Mr. Chairman, I do not want to be disrespectful, but what would you say if, as evidence of my generosity, I would offer you a loan of $100 and on the next day I would tell you that you get this sum in $10 annual installments?

The psychological impact on the Poles and Hungarians has been devastating. Janos Kis, a well known leader of the Hungarian opposition, made the following statement:

> We are disappointed at the decision of the U.S. Congress. We believed that President Bush's offer expressed the determination of the United States to support democratic processes in Hungary and Poland. We thought that the

> United States recognized that both countries are ripe for a democratic breakthrough. The U.S. Congress sent us the signal that the developments in our countries are not to be taken seriously. This has had a most negative psychological impact on our people. In such a mood, people may easily come to the conclusion that one cannot expect assistance from the United States because the ruling institutions of this superpower either do not know the real situation in our countries or they believe that the developments do not have any great significance from the point of view of American interests.
> (Gazeta Wyborcza, July 24, 1989.)

Mr. Chairman, I am afraid that if the House Appropriation reducing the President's offer to $10 million is endorsed by the Senate it will influence th policy of our allies in Europe whose assistance President Bush was trying to enlist in Paris. In this way, a broad strategic concept presented by the President in Warsaw, Budapest and Paris may be reduced to sheer rethoric by short-term fiscal considerations. The State Department's explanation that the US cannot afford more was broadcast to Poland and Hungary in the same news bulletin as the story that the US is contemplating a trip to Mars that would cost $400 billion and the story of the B-2 bomber fleet, with each plane costing half a billion dollars.

I do not want to be misunderstood. The Polish-American Congress supports the costly but necessary policy of deterrence. We do realize that this country's resources are much smaller than they were at the time of the Marshall Plan. We ask only that the right balance should be found between military and non-military means of achieving our main goal: the reduction and possible elimination of the Soviet military threat. We are afraid that our society has been so hypnotized by the awesome power of modern technology that we tend to forget that, after all, it is the power of the human mind that has been the driving force in the history of mankind.

What is going on now in East-Central Europe and the Soviet Union may prove to be a historical turning point. The day may not be far away when it will be safe to divert the tremendous resources now spent on defense to such projects as the exploration of outer space and human progress on earth. To bring this day nearer, let us not lose the present opportunity, which may not repeat itself.

Senator BIDEN. Thank you, Mr. Nowak. Let me begin where you started, Mr. Ambassador, and where Mr. Nowak left off. And that is a discussion of this policy of differentiation. I would ask you all to participate in this if you would.

Apart from MFN, in what other areas has the policy been followed and, what areas is it likely to be or should it be applied in the future if at all? I know your position, Mr. Ambassador, that it should not be applied in the future, but let me begin with you. Mr. Ambassador what areas has it been applied apart from MFN?

Mr. LUERS. Could I first clarify a few points that Dr. Nowak said in criticizing what I said about differentiation?

Senator BIDEN. Sure.

Mr. LUERS. I have a great respect for Dr. Nowak. I have learned a lot from him over the last 20 years, his writing and his speaking. And I agree with most everything he has said, particularly the last part of what he said.

To begin with, it was the Wall Street Journal that said I said stop splitting Moscow from the block. I never said that. I do not believe it.

Senator BIDEN. Well, the Wall Street Journal would never do that. I can tell you from experience.

Mr. LUERS. They put that headline on there without my agreement.

Senator BIDEN. You are not a Democrat are you? They would not have done that.

Mr. LUERS. I would never declare myself one way or the other. The other thing is on the subject of differentiation and this will get to your point. I, the part of it that bothers me is the word and its implication in Eastern Europe and to the Soviets; that formulation has taken on a baggage which means to Soviets and to many Eastern Europeans, that we are going to use whatever carrots and sticks we have to promote differences from the Soviet Union. And that is what counts to us—that they be different from each other and from the Soviet Union.

I am not against carrots and sticks to promote human rights, to promote freedoms, to promote democracy. I think that is essential. I think we should continue to do it.

The question is: Does it mean we are promoting differences among the nations and between these nations and the Soviet Union. Now to go to your question. I had the distinguished pleasure, and I say it with great irony, of accompanying Ceausescu for 7 days during his last visit to this country in 1978. I was Deputy Assistant Secretary for Eastern Europe.

And I wrote a memorandum after that meeting and I said this should be the end. It was so clear to me that our association with this person, leaving aside MFN, it was the political effort we made to enhance his stature in the world and the shape of our policy. It came to the point where President Bush, when he made his first visit to Eastern Europe in 1983, believed that one of our great liberal friends was Ceausescu and he said it. And he misunderstood. This country misunderstood that we were using Ceausescu because of his policies with regard to Israel, with regard to attending the Olympic games, with regard to not allowing Warsaw Pact exercises.

But we already new that this was a dictator of the order of Somoza. What are we doing in Eastern Europe? Czechoslovakia is not a country that is in the forefront of reform, but they do not even approach the vulgarity of what happens in Romania. And so my concern was that the nature of the differentiation had that one dimension that said, however you differ, that that is what we care about. We do not care about reform. We care about differing from Moscow. That is why the word is wrong and why the word has to go away.

The MFN issue, I believe, is a phony question. We never should have taken MFN away from these countries.

Senator BIDEN. I was not suggesting whether we should or should not. I was just asking whether or not there was something other than——

Mr. LUERS. And precisely, other than MFN it is the political relationship. One of the big issues has been, at least as long as I have been associated with differentiation, is that we will punish the countries like Czechoslovakia, to some degree East Germany, certainly Romania now, by not promoting political contact, by not encouraging economic and cultural exchanges, by not expanding contact with academics, with permitting students to come. I think that is wrong. I think that we should try to expand our relations with all these countries to the extent that these countries will tolerate it.

The question of the sticks that we would use would not be not talking to them about their problems. The question of the sticks that we would use was we would not give them credits. But I think we should encourage the type of economic relations that allow these countries to develop within themselves a type of relationship with us and with Europe that will bring about what I believe to be certainly the reforms that will take place.

One more point on the question of what I did or did not say with regard to differentiation. The question of nationalism which I think is a very important point. Where we stand today. The Soviet Union faces—their major problem is economic, but their second major problem, which may become any day or any year the major problem, is the question of nationalities.

The countries of Eastern Europe, all of which I would hope would be democracies, real democracies over the next decade, have a potential for going another way. And it was referred to by Dr. Nowak and all of us have suggested this is, this is the nightmare. If they go the other way, the issue of nationalism could become a very disturbing factor in Central Europe; war, I am not talking about, but violence of a significant order is of concern with regard to minorities living within countries and with regard to how borders are treated.

So, us standing on a policy that at least suggests that we are promoting and encouraging each country to express itself differently from its neighbor, is out of date in modern Europe.

Senator BIDEN. Is that not what we have been doing? That is, suggesting that each country should be able to express itself differently from the Soviet Union as opposed to differently from one another?

Mr. LUERS. Both. I think we have been promoting both. And maybe those who have been involved recently will disagree with me. But I have been at this since the mid-1960's. And I will have to say that I think that we have believed that each of these countries has its own history, its own culture, its own language and that, to a large degree, encouraging that uniqueness in each of them.

And by the way, before the Second World War, these countries were mixtures of ethnic groups. Today, Poland is almost purely Polish. Czechoslovakia has a mixed population between Czechs and Slovaks, but there are very few Germans and the Jews are dead. In Hungary, it is almost all Hungarian. Bulgaria, they want to be all Bulgarian and so they will do something with the Turks to make sure that happens.

This is, I think, a disturbing environment. I do not want to exaggerate it. But I think it has the potential, if we do not take care of confusing the Western Europeans about what U.S. policy is all about and encouraging the type of disorder, Balkanization we used to call it, which is precisely what a modern Europe does not need.

Senator BIDEN. Professor Gati.

Dr. GATI. Well, a view similar to this on differentiation. It seems to me that in the 1970's the policy of exploiting differences between the Soviet Union and Romania was a correct course. I think we went too far with it. The details need not be elaborated. It has to do with the past and today, I would make an argument different from Mr. Nowak that the key issue in Eastern Europe is no longer the Soviet Union.

Whether the Breshnev doctrine is dead or alive, we can probably spend the rest of the day, if not the rest of the week, on this. It seems to me that for ideological reasons, the Soviet Union is not going to intervene in Eastern Europe except, perhaps, in East Germany. Geopolitically it remains the dominant force and it will remain so in the foreseeable future.

Well, under the circumstances, I think the policy for the United States that makes distinctions not on the basis of relations with the Soviet Union, that is of an East European country's relations with the Soviet Union, but on the basis of other factors, is still pertinent. And I would like to mention three such criteria for the United States.

One is the extent to which private enterprise is encouraged and, therefore, the structure of the economies of these countries would get to the point where they would no longer be basket cases.

The second has to do with human rights. And the third has to do with movement toward political pluralism. If you think these three criteria—and I think it is very clear that Poland and Hungary are in a separate category. And I believe that they do deserve more interest on the part of the United States than the others.

If, whether we will call this differentiation or something else, I do not think it makes much difference, but I would like to say that I agree with Ambassador Luers that the basis for whatever policy we will have, or we do have, need not be and should not be to the extent that it was in the 1970's, differences with the Soviet Union.

Senator BIDEN. How would an Eastern Europe that has evolved into a pluralistic political system with private enterprise deal with the fundamental concern expressed by the Ambassador and many others. They point out the irony of the aftermath of World War II, is that Western Europe has, by and large, solved its political and ethnic differences and diversities have been handled and ameliorated, whereas they seem to, in some cases, have been aggravated in Eastern Europe?

How would the existence of a system that is more private enterprise and political pluralism in any way deal with that concern?

Mr. GATI. My answer to that is that the East European Communist leader, many of the East European Communist leaders, certainly those in Poland and Hungary, have come to recognize that without reprivatization there can be no productive economics. And without productive economics, there can be no social peace.

Now, they are not ready to disband factories.

Senator BIDEN. There can be no social peace?

Mr. GATI. Social peace. Well, certainly, the point made here, I believe by Mr. Nowak is very valuable here, how far General Jaruzelski has come from the day of martial law to the day of inviting Walesa to join in a coalition. And I would make the same statement about Hungarian leaders as well.

They have come to recognize the failure of their system, Senator.

Senator BIDEN. I understand that. But I did not think that that was the point that Ambassador Luers was making. Maybe I missed the point so I will not pursue it any further.

Mr. **Gati**. If I may add one sentence. What is in the cards is not the total privatization of these economies, but up to, perhaps, 30, 35, 40 percent of it.

Senator **Biden**. What I was referring to and I thought Ambassador Luers, and correct me if I am wrong, was referring to, was the concern about the ethnic differences that exist within these countries and that we have tended to appeal to the sense of nationalism. And there is a circumstance that now exists in Eastern Europe that as this awful glue that held it together begins to yield to change, you may very well find serious disruptions in Eastern Europe having not a damn thing to do with the ideology of the government.

And so my question to you was, (*a*) Is that a concern of yours? I thought you said it was. And, (*b*) If it is, what difference does it make on that single point, whether or not there is a purging of the gypsies, whether or not the Turks are, you know and so on?

Mr. **Luers**. Could I give you a short answer to that? Prosperity. Prosperity in Western Europe has solved—it has not suppressed totally—the differences between the Germans and the French and between the Germans and the Greeks and Italians. The Germans continue to have their low opinion of the Mediterranean and Slavic peoples.

Most of the Europeans of the Mediterranean continue to fear a rise of Germany. But the solution is, if they are all prosperous, there is no need to express it in ways that were expressed over the last 500 years and which were the center of the wars of Europe. In the case of Eastern Europe, there is no prosperity.

Senator **Biden**. Does anyone think there is any possibility under any circumstances in the next two decades that Central and Eastern Europe will reach a degree of prosperity that will overcome that instinct. I think that is preposterous.

Mr. **Luers**. I do. I think it is preposterous to think that they will reach prosperity. That is why I am worried about nationalism.

Senator **Biden**. I guess maybe I should move on. I find this very, very interesting. And I am probably spending too much time on it.

Dr. **Stent**. Could I just say a word about differentiation. Now I do not know how important this should be in influencing United States policy, but the Soviet Union certainly pursues a policy of differentiation toward Western Europe, both in the sense of encouraging differences between the United States and Western Europe as a whole and in encouraging differences between different West European countries in terms of their own policy toward the Soviet Union.

Maybe this should not influence us. But certainly this is Soviet policy. And I just wanted to add one more thing to what Professor Gati said. I agree that the way one differentiates, one rewards different East European countries for the degree of reform or liberalization in the economic and political area. And in that sense, for instance, the fact that the East German leader, Mr. Honecker, has been angling for some time to visit the United States, to make a state visit.

I think it is questionable that the United States should afford him this kind of political prestige, reward him for something which he really has not done in a country where there is still a war, where there still is political repression, and where reforms that are going on in the Soviet Union and other East European countries are scoffed at.

So in that sense, it does not have to be MFN, but I think bestowing uncertain political leaders in Eastern Europe, the kind of political prestige that they might seek, is not necessarily something that we should do in an undifferentiated way in Eastern Europe.

Senator BIDEN. Well said. Doctor, did you have a comment you wanted to make?

Dr. DAWISHA. I wanted to add something to what Ambassador Luers said on the question of prosperity, the link between nationalism and prosperity that we were trying to get to. You know it is not a simple correlation between nationalism and prosperity.

Senator BIDEN. I question whether there is any correlation, but go ahead.

Dr. DAWISHA. Let us put it this way. Historically speaking, the emergence of rightwinged nationalisms appears to have been aided by the collapse of previously prosperous regimes. But, in addition, and this is the point that I wanted to make, I think that it would be difficult to foresee the emergence of xenophobic regimes in Eastern Europe unless they were conditions of isolation. And this is important because at the moment these East European regimes currently still aspire toward greater integration with the West as a cultural entity and, specifically, on the bilateral, multilateral intergovernmental and cultural basis.

I think it is a very important point that we need to keep in mind that has been made here, that what is the point of us sending repeated leaders to the Berlin Wall, asking the regime there to tear it down if, as a result of them tearing it down, in fact, or symbolically, we put up our own walls to keep these people out.

And if we——

Senator BIDEN. When you say "we," you mean the West?

Dr. DAWISHA. Western Europe and the United States. If we get to a point as Jan Nowak said, where we are going to deny large numbers of immigrants entry into this country or to Western Europe because we are going to reclassify them as economic immigrants. The single greatest asset of the West in the last 40 years has been our position as the place of, let us say, the dreams of Eastern Europe.

And, in addition to that, on the political level, the single greatest asset that we have had is that the East Europeans have felt that we were genuine when we said that we supported free immigration. And if now we are going to be shown to be basically falling short on this very, very clear point in our human rights policy, for good reasons or not, that is for the policymakers to decide.

Senator BIDEN. We just got finished deciding that.

Dr. DAWISHA. Well, I think it is going to have a very, very major impact on the likelihood of fomenting rightwinged isolationist nationalism in Eastern Europe which could be anti-Western.

Mr. GATI. May I add two sentences, Senator? And that is, certainly there is no clear cause or relationship between democracy and international stability. That is, an Eastern Europe that is free, independent, and democratic may also be an unstable, troublesome Eastern Europe. I think you have to make decisions about American policy on balance, which is to say, take a chance, take a risk, that a democratic independent and free——

Senator **Biden**. I know you do not write for the Wall Street Journal, but I hope you do not do what they allegedly did to the Ambassador's comment. I, in no way am implying that under any circumstance that it would not be better for Eastern Europe to be free, democratic and prosperous, even if they might also be at the same time all those things we fear.

I was just trying to isolate the issue here as best I could. By the way, is it not necessary that Western Europe practice what we have been—allowing hundreds of thousands of emigres into this country? Even under a more restrictive policy, the United States will allow by means of "legal immigration," another 600,000 people into the country next year and probably twice that in illegal immigration?

How important is it? Would it make a difference if the U.S. policy with regard to immigration from any Eastern European country, continued to be the same as it has been in the past, and West European policy were to be to follow the instinct that now prevails in Western Europe? What impact would that have in terms of changes in Eastern Europe and in "our position"?

You said, Professor Stent, that we, the United States may have already arrived at the position of being viewed as the villain in not wanting to see a unified Germany? You added that it used to be that the Soviet Union was viewed that way and now it may be us, notwithstanding the fact that the President walked to the Berlin wall and made his speech, et cetera.

And so, what I am trying to do is to pick up where Professor Stent left off or started regarding the role of Western Europe in this whole process. How important is it that Western Europe have a policy on immigration that is viewed as being more in tune with human rights concerns than it now is?

Dr. **Dawisha**. Can I just clarify one small thing on this? And I will let others weigh in on this substantive question. Per capita, Austria and West Germany do much better than we do, per capita. They accept many more emigres from Eastern Europe than the United States.

Senator **Biden**. From Eastern Europe, yes, but we have the whole world to deal with. You know there are emigres from the remainder of the world that they do not accept. I would be stunned if you could tell me there was any nation in the world that, per capita, accepted as many emigres from all over the world. We have accepted more emigres from Asia in the last 4 years than they have from Eastern Europe, per capita, probably in the last 10 years.

It is an astounding number. I do not know whether you are aware of it. I hope that we are not so parochial as to think that we are only dealing with Eastern Europe.

Dr. **Stent**. Mr. Chairman, I think one of your questions was, if I heard you right, if the United States were to have a more liberal immigration policy——

Senator **Biden**. If the United States continued the policy of treating all Eastern Europeans as political refugees, as opposed to economic refugees, which as you know as well as I do, creates a different status and access to this country.

Dr. STENT. How would this effect Western Europe?

Senator BIDEN. And if Western Europe did not liberalize its policy, what difference would that make in terms of East-West relations and how Eastern Europe is viewed. The point was made by one or several of you that if we somehow curtail that policy, we will be viewed as having gone back on what we stand for, and that will have repercussions.

Now, what will happen if we do not go back on what we have stood for, but Western Europe does go back on what it has said. For the last 40 years, it has been saying send us your freedom seekers from Eastern Europe and tear down the wall. I am not sure anybody meant it in Western Europe.

But what happens if Western Europe does not respond? Do you not think the cat is getting out of the bag here? Do you not think that the 17 million folks in East Germany have figured out that the West Germans are not all that crazy about the Wall coming down so quickly for that single reason? If they would all promise to stay in East Germany and they would go out with bulldozers tomorrow if they had a chance.

But if the West Europeans think all the East Europeans are going to come they may, notwithstanding the fact that the wall could be torn down, would not provide the bulldozers. Do you not think that is getting across to folks, or am I missing something here?

Mr. LUERS. Could I pose——

Senator BIDEN. I would like Professor Stent to respond.

Dr. STENT. I think it is becoming increasingly clear, at least in certain parts of Eastern Europe, that in fact, despite some of the rhetoric, particularly in the Federal Republic of Germany, there are severe, there is a rather severe domestic reaction. The rise of the so-called republican, and I am sorry to use that word, but that is what they call themselves.

The Republican Party in West Germany, the extreme rightwinged party, is a direct result of this. And it is not popular resistance to Turkish and Yugoslav immigrants, but it is Polish, even East German immigrants into the Federal Republic. So, there is some recognition that let us say there is somewhat of a disparity between the rhetoric of the West German Government on these questions and the reality of what all of this would mean.

And, therefore, I think that people are looking more toward the United States. Whether there would then, be greater disillusionment with the United States, were the United States to change, or to consider it much more the question of classifying people as economic refugees, how this would impact. If the United States is not introducing policies that are any more stringent than any other of the West European countries, I do not think that it would have that much of an impact.

But I think, basically, there is a recognition dawning in Eastern Europe that what the West Germans at least would like, is to create conditions in most of these countries where people who classify themselves as ethnic Germans, will not feel moved to emigrate because their life will be better there. And, of course, this also suits the interests of the Soviet Union.

Mr. **Nowak**. Well, I think the only answer to outlaw people emigrating to the West is improving economic conditions in that country. We cannot direct the wall on our side. We cannot create our own Iron Curtain. So, the problem of economic assistance, collective economic assistance is the answer.

Well, I would like to say a few words on this subject. First of all, we cannot possibly repeat what we did in the 1970's when we really pumped indiscriminately state-guaranteed credits to someone because he seemed to be more pro-Western. The key word is "conditionality." The credits can become an important instrument of influence if they are properly conditioned, if they are synchronized with economic and political reform inside the country, and supervised.

And in this sense, I believe that credits can be used as a very important instrument of influencing developments in Eastern Europe. We have to differentiate here between Eastern Europe and the Soviet Union. But as far as Eastern Europe—

Senator **Biden**. I will be the devil's advocate for a moment. Why?

Mr. **Nowak**. Why? Because in Eastern Europe, Eastern European countries do not represent a danger to us by themselves. They only represent a danger as part, an integrated part of the Soviet war machinery. And they do not determine their own military defenses. It is decided by a Warsaw Pact command and imposed on them.

So, I think——

Senator **Biden**. So, you are not one who would believe that even if the Soviet Union "continues to liberalize" and if its economy were to not only be modernized but become prosperous—an incredible feat—that this would still not be in our interest because of the warmaking capability of the Soviet Union.

Mr. **Nowak**. Well, I think that as long as the Soviet Union does remain a threat and as long as there is a possibility that the present trend may be reversed, it would be very risky to offer any kind of economic assistance because it may, indeed, slow down the reform. It may make it easier for them to avoid the reform.

But Eastern Europe is in a different situation. And through Eastern Europe we may support and generate nonviolent public pressure inside the Soviet Union as it happens right now. Well, I think that as far as Poland is concerned, and I am here and I would like to answer your question.

I believe that the most important thing is emergency food supply which will be discussed on August 2 in Brussels, I believe, because there is an imminent danger that the gains of Solidarity may be lost if it comes to decontrol of the prices of food in Poland and the prices would go three- or four-, would be three- or fourfold as they are now.

So, this is something very urgent. And I regret that I just learned that $123 million which was declared by the EC is already cut by half and divided into two annual installments. Now this is emergency help, emergency assistance which would make it easier for Poland to decontrol the prices and the Polish subsidies. So, it cannot be paid in annual installments.

Now, as to the other ways of help, of assistance. As I say, it has to be conditional. IMF is frankly, if IMF should be a condition for the credits from the World Bank, it would block the credits, because even Solidarity as a government could not accept austerity conditions of IMF. It would be a prescription for confrontation.

The kind of austerity conditions that are being imposed by IMF would be extremely dangerous in the Polish situation. So, the important thing is that World Bank loans should precede IMF, properly conditioned, of course.

Senator **Biden**. Properly conditioned?

Mr. **Nowak**. Properly conditioned. They have to be linked with institutional changes, expansion of the private sector. You cannot expect the Polish economy will overnight change from collective economy to private economy. There could be a considerable progress and gradual progress on this sector.

And second, decentralization, more autonomy to the state-controlled enterprises, movements to the free market economy. But reforms, economic reforms cannot start without some kind of assistance from the West. They should be synchronized. The economic reform will not have a takeoff without some kind of conditional assistance from the West.

Senator **Biden**. Let me move on. One of the richer ironies of history is that the Soviet Union, having imposed Communist repression on Eastern Europe, now finds all but two of the regimes, Hungary and Poland, rigidly resistant to the Soviet shift toward liberalization. Nor does Mr. Gorbachev appear to be in a strong position to overcome this rigidity. Any instinct he may have to dislodge the orthodox leaders of Eastern Europe is seemingly tempered by a much larger Soviet concern, which is to avoid disorder.

Soviet influence thus appears asymmetrical, powerful in enforcing orthodoxy, but reduced to rhetorical encouragement in performing reform or promoting reform. In your view, what are the levers and the limits affecting the Kremlin's ability to promote stable change in Eastern Europe? We will start with the Gang of Four, Professor?

Mr. **Gati**. Well the Soviet position on the Gang of Four is this. They do not want to throw their weight around, in East Berlin, in Prague, in Sofia and certainly they cannot in Bucharest, in my judgment, because they have become convinced by the leaders of those countries that such instability would follow, that they could not cope with the situation and things would get out of hand.

There was a period at the very beginning of 1987, to give you one illustration of the Soviet problem here, when I gathered that the Soviets were considering the rehabilitation of the Prague Spring. That was before Mr. Gorbachev's trip to Prague. There was such an overwhelming response from the Czechoslovak leaders, and such representation in Moscow, that they had to reconsider.

And, so, Gorbachev did not visit Mr. Dubcek and the Prague Spring still has not been rehabilitated. These are the dimensions of the Soviet dilemma. They are very busy on other fronts. They are very concerned about what is happening in Estonia and in the Ukraine now and in Georgia.

And when you compare the kind of problem that they have with the Gang of Four, it does not compare. They are looking inside their country where the problems are more pressing.

Senator **Biden**. So, the levers for change are relatively limited is what you are telling me? Or at least, they, the risk of imposing them.

Mr. **Gati**. It is more the latter than the first, because depending on which country you talk about; for example, reliance by East Germany on Soviet energy and so on. They could throw their weight around. Less in the economic realm in my opinion.

I would have to say, then, in the ideological, psychological sense that they would appeal to Communists in those four countries and say, "Now look, follow the Soviet Union." I believe that there are comrades in those four countries who would still look at that argument as somewhat meaningful.

Senator **Biden**. Ambassador.

Mr. **Luers**. Let me try to give you several pieces of an answer to that question. First, I guess you should know that Dr. Gati and I and I, separately, have talked to the Soviets about this over the last 3 years, over the last year in several different situations. And I guess I would have to say, first, two aspects.

First, the Soviet Union does not understand the realities of these cultures. They know now they do not understand. At least some of them know. Those who do not understand are really blind to the power of the nations that they are dealing with. And those that do understand what is going on are beginning to recommend courses of action. That is the first point.

The second point is that there is wide diversity within the Soviet leadership, and within the Soviet power structure on precisely this issue. I have compared it in an article to the phenomena of what we did with Somoza, what we did with Marcos. They are facing that classical dilemma and we have talked, I have talked to some of them about it with Ceausecsu, what do we do? He is our thug, but the alternative to him, we do not know. And it could be real chaos.

And they are facing it very much the way we faced it—a residue of history and they do not know how to get rid of it. But let me say, having said that, that there are many aspects to this leverage problem. They have relations with these countries unlike any relations we have ever had with a country.

For example, in Czechoslovakia, there are four or five basic institutions dealing with change there. There is the police structure, which I suspect given the history of Andropov and Gorbachev, is probably one of the more liberalizing structures, ironically.

There is the party structure which is panicked. There is the military which, by removing the military and reducing military force in these countries, could have a very important effect on what happens there.

And then there is the intellectual context. What they are hearing from the academics who are in the forefront of change in the Soviet Union—as you know Gorbachev's whole idea of reforms, in terms of perestroika and glasnost, are fundamentally coming from the academic community. This is an idea-driven phenomena that we are watching. And giving those ideas a rich environment to flourish in is what Gorbachev is convinced is going to solve his problem.

So, in these countries in Eastern Europe, they are hearing from the intellectuals, reform. They are hearing from the party people, panic, because what is happening to us should not happen to you. They are hearing from the police, that unless you change your economy it is not going to work. And they are hearing from the military, we may be on our way.

Finally, the issue of economic relations is very important to these countries. Gorbachev is sending very different signals. On the one hand he is saying, "Look, we want your best exports, knock it off sending those things to Western Europe for hard currency. You have been depriving us of the best things you do now. We have to depend on you to upgrade the living standards of the people in our country."

The Eastern Europeans are saying, "No way. Our problem is our own people are deprived of hard currency, of imports, our own industry cannot function until we get hard currency. We have to use these exports that we have developed with Western Europe and the United States so that we can get the hard currency to keep our economy going."

And he has not resolved that issue. So, what you have, I think, is real confusion and concern, lack of knowledge, and fear, that by beginning to manipulate these levers, they are going to lose control as they fear they are going to do in their own country.

Senator **Biden**. Having said all that, is it fair to say that you believe they are not going to attempt to manipulate?

Mr. **Luers**. No I did not say that. I believe that what you are going to see is a conflicting phenomena in which the intellectuals are going to be saying, reform. The party—if Gorbachev changes the party the way he said he is going to do, you are going to get different messages from the party. The party is in charge of relations with Eastern Europe now. Those people who see the Eastern Europeans are the old guard.

Gorbachev has tried to change that guard. But if that group changes, you are going to see different messages conveyed through the party line. But the party issue is very fundamental because the party messages within the party structure today I am sure are, we are facing chaos and the departure from power. We are facing a major challenge, not only from the trade unions and from the intellectuals, but from the economic environment which we face.

And whether we can continue to say as we did even 5 months ago, that it is OK for Hungary to have a multiparty system, it is OK for the Communist Party to leave power in Poland, but never will there be a multiparty system in the Soviet Union. I think Dr. Nowak is right. We are seeing the beginning of a multiparty phenomena that is just beginning to grow in the Soviet Union and the messages of concerns for the party are fundamental.

But I think there are going to be lots of conflicting messages. And I have talked to Czechs about this and I believe those messages are really confusing to them.

My own sense is that, as we talk to the Soviets about this, this is an area in which we can begin to discuss it with them and we should. I do not believe, as Dr. Nowak says, we should keep them out of the business of trying to influence those countries. I do believe in countries like Czechoslovakia and Romania that unless—I mean the irony would be if the Soviet Union and we stood together and called for more human rights in Romania.

I do not think that day is far off.

Senator **Biden**. Dr. Nowak I am not asking you a question. I am just responding to your expression. Let me move then to something you mentioned and that is, if there is a change in the military equation, if there were a significant reduction in the number of troops, Soviet troops in Czechoslovakia or in other countries in Eastern Europe, if instead of us talking about a reduction of 50,000 out of over a half a million, we were talking about 300,000 Soviet forces out of 556,000, or whatever the number is, stationed in Eastern Europe——

Would that have more of a political dimension than a military dimension? Some have argued that the preponderance of force that has been aggregated in Eastern Europe there is more for purposes of its effect on Eastern Europe than it has been for its effect on the prospect of a juggernaut attack into Western Europe seeking to gain physical ground. So, what, how far do you think the Soviet Union is—how limited, if at all, is the Soviet Union in its discussions on conventional force reductions by the political constraints, if any, than it has relative to control of Eastern Europe?

Mr. **Luers**. I think it depends on the country. I think East Germany is a very special case, for many reasons. And I do not think they have yet faced up to that issue.

In Hungary, I think the restrictions on removing military force are considerably less than from Czechoslovakia. My own sense is that over the near term we can see much more willingness on their part to reduce forces because it is not in the front line of the Warsaw Pact. It is a country that is not that vital to the military alliance. And it is a country that can be perceived as facing reform, without Soviet military it might be good for the image.

Czechoslovakia and Poland are different issues. Czechoslovakia is a country that they originally went in arguing that the reason they were there was to beef up Warsaw Pact troops not to put down the repression in 1968. And they have been retained there largely in that basis, but in the background. It is the Czech forces have been up front.

My own sense is that in that country, I think a significant, but Dr. Dawisha should talk about this because she has written a book on the subject, my own sense is that a decision to withdraw significant troops there would have a very healthy effect on the environment even though Czechs tell me that even today the irony is that they hope that the Soviet troops stay in order to ensure that Gorbachev's policies are taken on. That is how ironic it has become in Czechoslovakia.

But I defer to Dr. Dawisha on that and to Dr. Nowak on the question of Poland. But I think they are addressing that subject right now.

Senator **Biden**. Dr. Dawisha, what is your view?

Dr. **Dawisha**. Well, I just came back from Moscow and talked to many people there and listened very closely to all the debates that have taken place in their Congress. And it is very, very interesting. I think very important that there are two major undercurrents of debate that have come to the surface, that are very public now. And they can be found within the military as well.

As far as withdrawal of conventional forces from Eastern Europe, there is very great pressure from within the military to take the hits that they know that they have to take by withdrawing their forces from Eastern Europe, because the alternative is to take away military pensions. We all know that is an important issue. And to cut back on their space program, to cut back on response to SDI, to cut back on their strategic forces. And their presence in Eastern Europe is very expensive for them, and it would bring palpable and very immediate results, which are demanded by the political leadership in terms of military cuts.

They are having foisted on them, it was announced in last month, not just 10-percent reduction in the 1989–90 military budget which for the first time has been announced, the real budget. But also, the Soviets, Ryzhkof, the Prime Minister, has announced that he hoping to obtain at least a further 10 percent in the follow-on year, above what had been planned. And this is a very, very serious blow to them.

So, I think that we have to realize that the military may not be fighting to the last East European soldier when it comes to withdrawing from this area. That they may, in fact, realizing that they have to cut somewhere, take this as their preferred cut.

Now, your question, What are political constraints on withdrawal of military? My own view is that the political restraints for withdrawal of the military are far fewer now than we believe has been the case because of the—I think the—resignation of the Soviets from moral authority over the political development of Eastern Europe. And on this, I simply want to bore you for a moment by reading three sentences of a speech that was delivered at the Soviet People's Congress, of a delegate, a leading writer, who got up and talked about the economic situation and the crisis of socialism.

And he said:

> Moreover, while we are surmizing, judging, and laying down the law as what socialism must and cannot be, other people already have it, have built it, and are enjoying its fruits. You are thinking, who is this man talking about. Moreover, with our experience we have done them a good service in showing them how not to build socialism. I have in mind such prosperous law-based societies as Sweden, Austria, Finland, Norway, the Netherlands, and finally, Spain, Canada, across the sea, not to mention Switzerland, which is a model. Workers in those countries earn an average of four or five times as much as our workers. We can only dream about the social security and level of prosperity enjoyed by workers in those countries. This is, indeed, real, if you like, trade union socialism. Although these countries do not call themselves socialists, however, they are none the worst for that.

So, we are looking at a situation in which the two levers of Soviet influence in Eastern Europe since 1945, the military and the ideological, are being completed eroded. And under those circumstances, and I want to emphasize that I could give you 25 quotes exactly the same from military leaders, writers, from people who are working in the Central Committee dealing with Eastern Europe, it makes no difference. There is very little contention on this issue that they have given up the moral authority to tell Eastern Europe what to do.

Senator Biden. Either way?

Dr. Dawisha. Either way.

Mr. Luers. I agree with that.

Dr. Dawisha. I think it is very instructive that we have also now reached a situation under which after some initial questioning, maybe 2 years ago, last year, analysts are no longer being asked when they come before this committee, whether the Breshnev doctrine is still alive. We have, I think, reached a consensus that it is dead.

Senator Biden. I was about to ask that.

Mr. Gati. What the Soviets are saying, Mr. Chairman, is that we, the Soviets made a mess of this, now you, East Europeans, fix the problem.

Senator Biden. No, that is not quite what they are saying. They are saying, in my opinion, we, Soviets have made a mess of this, now you, East Europeans, go to the West and have them help you solve your problems. That is what they are saying.

Mr. Gati. Fair enough. But what a change that is, though, compared to where they were a year, 2 or 3 years ago.

Senator Biden. I agree. But sometimes it is mildly galling is it not. Although it is also very hopeful. I can tell you are going to swallow that microphone, Doctor Nowak, if you do not get a chance to speak, so go ahead. Say what is on your mind.

Mr. Nowak. Well, I think that Poland and Czechoslovakia is much of a special case as East Germany. The Soviet Union over the last 45 years invested billions of dollars, hundreds of billions of dollars in building roads, strategic roads across Czechoslovakia and Poland, bridges, airports, all kinds of things, in order to maintain the line of communication with—potential front of the line on the Elba River.

And I believe there are limits of Soviet toleration. These limits are flexible. Gorbachev leaves much more space there to Jaruzelski than his predecessors, but they still are, and in my view, it would be dangerous to test them. I think the Soviet Union would never allow Poland to leave Warsaw Pact because that would mean the collapse of the entire, the Soviet control over the entire area. It would be tantamount to losing World War III without war.

Dr. Nowak. No. 2, I do not believe that they would tolerate, and I may be wrong, the total loss of control by the Communist Party. It does not mean participation, but total loss of control would be the same thing as leaving Warsaw Pact, probably.

So, the presence of troops in Poland or in Czechoslovakia does not mean much. I mean there were no Soviet troops in 1968. They were brought to the country in a matter of hours. So, whether the troops are there or not is less important. Most important is political control by the Communist Party and membership of the Warsaw Pact.

And as I say, these two notions may be flexible as the Romania case shows, but up to limits.

Mr. Luers. Just a footnote to that. I agree with Dr. Nowak on the question of the Warsaw Pact. I think this is one of the real areas that we have talked about with the Soviets. You hear, you read between the lines of what they say. It seems to be clear that although some people are saying they can imagine a neutral country like Hungary with an association with Austria which does not cause any problems.

It is pretty clear to me from speaking at least to some of the senior people in government that the Warsaw Pact is a fundamental principle for them. That their concern is that these countries not once again become hostile to the Soviet Union openly. And their concern also is that the scores that we all have to settle with communism are going to lead us to excesses if we have the opportunity.

And I think they may be right, but that is what worries me. That is why I still continue to want to take an interest in this because I do not think we should blow this opportunity to change the face of Europe by overanxious assumptions about what can happen in Central Europe.

Senator **Biden**. I am sorry. What do you mean "overanxious assumptions"?

Mr. **Luers**. That if in fact in Poland there should be the end of the Communist Party power of any type and that we should begin to build relations that would lead toward eventually Poland's neutrality, and begin to talk like somehow Poland is now becoming a potential economic and maybe even political ally of the United States, of Western Europe.

I mean things have changed so dramatically in the past year. It is not inconceivable to me that in 2 years we could be talking like that. And I think it would be a great mistake. I think it would be a grave mistake. And I think the Warsaw Pact, from my standpoint, has to be conceived as an entity, and whatever political change takes place, two things have to happen.

We have to continue to recognize the members of these countries as members of the Warsaw Pact as long as that pact exists, and we have to call whatever they want to call it, socialism. It may look very much like capitalism to all of us, but if all of them want to call it socialism, let us call it socialism.

Senator **Biden**. Professor Stent.

Dr. **Stent**. However galling it is to the Soviet Union to have the East Germans implicitly or explicitly criticize the Soviet Union for what is happening there, or declare East Germany's superiority in economic terms, there are 400,000 or so Soviet troops that remain in East Germany, minus a few now, are there largely for political reasons.

And the Soviet Union realizes that if there were to be really substantial troop withdrawals, this might lead to great instability. Again, so they have to just contend with the government there that is going to be more critical. And to come back to the question of leverage.

The Soviet Union does have limited leverage in East Germany, ironically, even though it is keeping that government in power in many ways because the government itself can and does say to the Soviet Union, if you try and press us to move too far in the direction that you yourself are moving, or to reopen historical discussions, talk about what happened in the 1950's, we cannot guarantee you that we will remain in power and that this country will remain stable, or your key ally here.

And therefore, the East Germans have both economic leverage over the Soviet Union because they supply the Soviet Union with most of its high technology, and they have the political leverage of the weak ally, if you like. And therefore, I doubt that we will see substantial Soviet troop reductions in East Germany.

Senator **Biden**. Well, as I understand what appears to be somewhat of a consensus here, the Brezhnev doctrine is dead according to most of you.

Mr. **Luers**. Sort of.

Senator **Biden**. Dying or at least been embalmed awhile for the time being. Soviet leverage is de minimis. The likelihood imposing leverage in either direction either to pull back on reforms if they view it as excessive, and/or generate reforms where they do not exist, is not likely to occur because of the fear of the instability that would flow from that.

And yet three of you said in your opening statements that, in effect, maybe the Soviet Union and the United States should get together now and see how we could work out what we believe to be in our common interest in Eastern Europe.

I do not know quite how that works, if the conclusion is reached that the leverage that the Soviets can or will impose is de minimis.

Mr. **Luers**. May I answer that?

Senator **Biden**. Sure.

Mr. **Luers**. I would not have said ever that the Soviet leverage is minimal. They have very high leverage in all these countries, including Hungary. Poland, I do not know. But they have a lot of of——

Senator **Biden**. Is that because Professor Nowak is sitting there?

Mr. **Luers**. No. Totally, they have lost it in Poland. They have no authority there whatsoever. And the only authority they could reinstate there is military.

But I do think in the other countries, particularly in Czechoslovakia, and in Bulgaria and Romania and in East Germany, they have a lot of leverage. It is their willingness to use it is the question.

Senator **Biden**. That is the point.

Mr. **Luers**. And so it has got to be clear that they have the leverage. So, the issue is whether or not and how they might use that if Gorbachev is not around. For a long time, they are going to retain leverage in some of these countries.

What I believe is that we need to talk to the Soviets, not join hands or do the same thing, but we need to talk to the Soviets about one, what is their evolving perception about what is happening in Eastern Europe, and what are their policies?

We need to know that on a regular basis because those policies change practically daily. Second, we need to hear from them what they think is going on inside these countries. And are they interested in promoting equity debt swaps, private initiatives.

They need to know that we plan probably to invest through private foundations, through private companies, through U.S. trade unions heavily in the evolution of the political systems in these countries, and they got to be aware of it because we do it all around the world.

They have to not be surprised when they find out that maybe somebody has invested in a publication in Hungary to promote free discussion of the issues of free enterprise. They have to not be surprised when we begin to have the blossoming of foundations that are funding management training programs, political training programs, schools to train intermediaries in the political system.

These are all going to require the types of discussions with the Soviets so that neither of us are surprised about the process of change. This is not saying that we work together. That we have an alliance on going over the heads of Eastern Europe. It is to say that there is a new, a totally new environment in that part of the world.

And it would be to me unimaginable that we would not have these discussions with the Soviets about what we and they are planning to do.

Senator BIDEN. I misunderstood you then. So, you are suggesting that this is essentially an exchange of information, not collusion. It is a big difference.

There are a lot of people who would take great offense, if they misunderstood what you are saying, to the notion, that basically what we should do is get together with the Soviet Union and set their fate once again.

Mr. LUERS. I do not think anybody here said that.

Senator BIDEN. I understand that. That is why I asked for clarification because there is a difference between exchanging information as to how we each perceive our role in Eastern Europe and making our actions conditioned upon what the other nation will or will not do, and/or concluding that we would rather not see radical change in any one Eastern European country therefore we will foreswear (*a*) and they will foreswear (*b*), et cetera.

I mean that is a very different conceptual mode to adopt, and that is why I asked the question.

Dr. GATI. May I add a comment to this?

Senator BIDEN. Sure.

Dr. GATI. I fully agree with Ambassador Luers, and I think what he said, he said well and effectively.

I will say this. His view with which I fully agree is a minority view in this town, very much. I think people have misrepresented this precisely the way that you have clarified in thinking that there is some kind of new Yalta being proposed. This is not the point of this at all.

On the contrary, if there is a substantive objective it is to find a proper vehicle for undoing Yalta. But I would like to mention, Senator, that some kind of signaling between the two superpowers is taking place already. It was reported that President Bush called Mr. Gorbachev before he departed for Warsaw. I have no information as to what they said to one another, but I do not think it was merely a hello.

There had to be some reason for that. Then, if you will follow these nuances carefully, then you see that Mr. Gorbachev was in Strasbourg and came closest, in terms of his past statements, to saying that the Brezhnev doctrine was dead there when he said that interference in the affairs of your allies was inadmissible. This is not a direct quote, but it is very close to it.

And then after that Mr. Bush goes to Eastern Europe and one cannot help but notice that he gave Mr. Jaruzelski there a rather kind treatment compared to what we used to say about Mr. Jaruzelski in the past, and similar signals I believe also were in evidence in Budapest as well.

So, something is going on. The question is what should follow it, and I think what should follow it is that the Government ought to find somebody like Ambassador Luers who is no longer in the Government and therefore can deny any suggestions that he may get from this Government, and send him over there and on some level start talking about their vision of the future of Eastern Europe.

And then exchange notes, just as he so effectively explained here.

Dr. Nowak. Can I put on the record one thing? I believe that any discussion or negotiations between the United States and Moscow should never really concern the destiny of smaller nations because whether we want it or not, it comes back to the same deals we made in the past.

Instead, I believe it would be very useful if the United States should make it clear both to Eastern Europe and to the Soviet Union that it does not seek any strategic advantages in this part of the world. It does not seek bases or military alliance or even economic alliance.

It is only interested in promotion of our common values. I think this kind of a statement addressed also to the Soviet Union and to these people; they should understand that the United States will never interfere militarily in this area and will never offer them security safeguards against their neighbors. I think this kind of statement would be useful because this is the most pro-American part of the world.

And because there are so strong pro-American feelings, there is a tendency to really exaggerate U.S. involvement. And I think it would be healthy for these people and maybe useful also for our relationship with Moscow that this kind of statement should be in some way, this policy should be in some way spelled out.

Senator Biden. What will we be doing in Helsinki in 1991 if not talking about the future of Eastern Europe?

Dr. Nowak. Yes, but this subject comes back again and again. And after all recent pronouncement by Henry Kissinger in our perception was a return again to some kind of a deal, some kind of another division of Europe into spheres of influence. You do not interfere in Nicaragua. We will not interfere in Poland or in Czechoslovakia. So, it was discussed in Helsinki.

Decisions were made, but the problems come back again and again.

Dr. Gati. I very strongly disagree for once with Mr. Nowak. I think Mr. Kissinger got a bum rap. I do not think he had in mind the spheres—to renegotiate another spheres of influence arrangement with the Soviet Union. I do not think this is what he meant, but he can defend himself.

What I think Ambassador Luers said so well, and I agree with that, is that on some level, eventually with the participation of East and West Europeans, if I may add, some discussion about the future of Europe, within that the future of Eastern Europe, is indicated precisely because of some of the points that you mentioned earlier, Mr. Chairman.

And that is the relationship between these internal changes in some of the countries and the stability of Europe. These changes, however welcome, do not guarantee stability in Europe. And yet, I believe that the Iron Curtain is coming down, symbolically and otherwise. And we are seeing here the emergence of a new Europe.

It is not impossible that Hungary in 3 or 5 years will be neutral, and I would like to prepare ourselves for the day when something like that happens because I fear that the impact of such a development on Western opinion, particularly, West German opinion, could be such as to undermine the present chemistry in NATO.

Senator BIDEN. How? How would it undermine it?

Dr. GATI. Well, it would undermine it rather simply. If the Soviet Union allows in Eastern Europe a country to become neutral, then it cannot be as aggressive toward Western Europe as we have assumed over the decades. That is what many more West Germans will be saying, in my opinion, than they are saying now. And, in fact, I think many Americans will be saying.

And that goes back also to the point that you raised as a question with which I am in such strong agreement that one of the main purposes of the Warsaw Pact and of Soviet forces in Eastern Europe has been to control Eastern Europe rather than to prepare aggression against Western Europe.

Once you put these things together, you can see that the glue that has held NATO together, and that has provided for 40 years of unparalleled stability for us, that glue is being watered down right now and could be, if there is such a word, unglued in the 1990's.

And it seems to me that we have to prepare for this, and this is an additional reason why on some level, not at the highest level, but on some level, some discussion, exchange of information with the Soviets would be most desirable.

Senator BIDEN. Let me, in the waning moments as the thunder begins to clap, raise a few preposterous notions.

Would a neutral Europe, East and West and Central Europe, be better or worse off—would the United States be better or worse off with a neutral Europe than the situation as it exists now in East, Central, and West Europe?

Dr. GATI. I would say at the present time this is unthinkable for me, and I think it would be on balance more harmful to the United States then the present situation simply because of the proximity of the Soviet Union. The reforms in that country have not gone far enough to my satisfaction to make that otherwise desirable and desired end timely.

Dr. STENT. If you had a neutral Europe, you had the dismemberment of the two blocs, you then still have the question, which was one of the issues you raised at the beginning, which is the future of both halves of Germany or Germany, you know, all together.

You have a neutral Europe. You do not have the Warsaw Pact and NATO, but you have a Germany with by now whatever 80 million people. I do not know what would happen to Austria. Again, an economic power, and what is it going to do with its weight?

In other words, you can still have a very unstable situation in Europe, a situation that has caused two world wars in this century.

And therefore, I think it is inconceivable without having some much more permanent guarantee that Europe would remain neutral but that somehow Germany could still remain divided.

It is inconceivable that this would be a desirable situation from the U.S. point of view.

Senator **BIDEN**. I agree with you completely.

Dr. **DAWISHA**. I will try to develop the alternative scenario. If a neutral Europe is the result of a weakening of American power, which is what we usually worry most about; in other words that basically, a major objective of Soviet policy is achieved, the breaking off of Europe from the United States, and the dissolution of NATO.

Senator **BIDEN**. Do you believe that is an objective of the Soviet Union?

Dr. **DAWISHA**. It is an objective that is often ascribed to the Soviet Union.

Senator **BIDEN**. But do you believe that?

Dr. **DAWISHA**. I do not believe so. I do not think that at the moment it is an objective of Soviet foreign policy, but it has certainly been in the past.

If a neutralized Europe were to be the result of a weakening of American preeminence in the world, then clearly Europe's long-term security would not be guaranteed but would be endangered. Now, if on the other hand, one assumes that the dissolution of blocs could only come about as a result of a lot of very important steps, then it is worth thinking about what those steps would be, and to what extent they would be an American interest.

Senator **BIDEN**. These are wild generalizations that I am making, but I am trying to evoke some thought here. Let us assume that it comes about on the West's side because the glue has become unstuck.

Something I spend a great deal of time on is NATO. And I spend a great deal of time meeting with my counterparts in NATO countries. It is undeniable no matter how people try to phrase it or move away from it or slide away from it, that preeminence of the Soviet threat has been one of the overwhelming reasons for the success of NATO as a military operation and structure.

And so I can see the possibility over time of the view developing that there is no longer a threat from the East so that NATO, although it may not be formally dissolved, in effect will have considerably less cohesion and considerably fewer troops and considerably less cooperation.

On the East side, I can picture the dissolution of the Warsaw Pact coming about as a consequence of the Soviets concluding that, as an exchange for the stability that they are seeking and a greater concentration on their own economic problems, coupled with their desire to get access to hard currency, Western technology and a whole range of other things, that it would be less important to have the bloc in the condition it is now.

So, I do not think it is any more outrageous to think that those combinations of things could happen than some of the things that have been suggested here. And so if it occurs under those conditions, it is not because the United States is necessarily weaker.

Dr. **Dawisha**. Right. And if it occurs as a result of a series of agreed, verifiable arms control agreements on the strategic and the conventional level, then it means that one could think of moving toward a situation where the definition of security as being a military definition could be broadened.

We are going to have military guarantees of security, and no one is suggesting this. But it is certainly possible to foresee a time when there are equally other viable guarantees of security. And here I think that all of this depends very much upon the victory, if one can use this term, of the European idea which is also dominant in the United States. European civilization, adherence to democracy, to human rights, and so forth and so on.

This is the movement that we are seeing in Eastern Europe. And if we are talking about a neutral Europe in which all the states of the continent plus the United States and Canada agree that this idea is something that binds them and forms the basis for stability, then I think that it is possible to talk about a new era.

You know, on the one hand we say that NATO has been a guarantee of stability since it was founded. That is true. But it was a guarantee of stability so long as the Soviet Union defined its own presence in the world overwhelmingly in military and repressive terms.

If it were to be the case that that was to change, and we could gain military guarantees that the Soviet Union could not reverse the situation, then what is the raison d'être of NATO as opposed to the much more permanent raison d'être of a European community which would include the United States.

Senator **Biden**. Well, I could give you a number of reasons, but I will not take the time now. But let me ask you one last question.

The Western Europeans are way ahead of us. They have already made fundamental judgments about what is going to happen in Eastern Europe based on my talks with the heads of state as well as with my counterparts. Their views differ. There is not a unanimity of view, but it is a process that has matured far beyond that in this country in my view.

No matter how you think about Europe, no matter what picture you conjure up of Europe in the year 2010, sitting right in the middle of that landscape is Germany, and the question of the unification of Germany.

No leader with whom I have spoken in Europe has figured that out.

Mr. **Nowak**. I come from a nation that was divided for 123 years, and was reunited. Therefore, I will never speak against a reunification of Germany because I cannot deny other nations the same right we claimed as Poles for so many years.

But I can say that we are afraid of the unification, and that we would like to ask one basic question. Does reunification mean also that Poland will lose its Western territories, or does it mean the reunification within the present borders of Germany? And it is not clear.

Senator **Biden**. I agree. I do not know.

Mr. **Nowak**. And this is the basic question.

Dr. **Stent**. To play devil's advocate for a moment, let me offer an alternative explanation which one hears among a number of West

German politicians and leaders although they might not say it in print.

Germany, the Bismarck Reich that then ultimately became Weimar, the Third Reich, was really only united for something over 70 years. It is an aberration in German history to have one single nation state reunited, and there are other models. You could have a loose confederal solution. It might even include Austria, German-speaking parts of Switzerland.

There are some Germans I think on both sides of the Berlin Wall who think about that, and therefore, before one becomes too alarmist or says nothing will ever change, there might be other ways to, in the longer run, solve the reunification of Germany. Not on the basis of what we knew that came before, but only when the Soviet Union is willing to concede that it does not need East Germany as currently constituted really is the bulwark of the security system that it created in the post-1945 era.

Senator BIDEN. I do not doubt things will change. The only thing I am positive of is that they will change. What I am saying is I have not spoken to many people who have a clear view of how they would like to see it change. That was my point.

Mr. LUERS. Let me say three things. I have sort of a game I play that the ultimate NATO and the ultimate Warsaw Pact would be NATO would be made up of West Germany and the United States, and the Warsaw Pact would be made of East Germany and the Soviet Union. And that is what it is all about.

A Soviet academic told me, this is purely anecdotal, but I think it expresses the types of things that can be talked about, he said this in the presence of 20 other academics. "That look, Germany, at the time of Alexander II, who was the first great perestroikista, Germany was the only one who understood what Alexander was trying to do."

And when we began that perestroika and that reform movement, Germany was with us and they were with us all the way up to 1913, and we were not paying attention, and they did us in. What is happening today is the only country that really understands what we need and how to help us and the only other country ultimately prepared to commit to that process is Germany.

They have the resources. They have the understanding. They have the proximity, and they have the history. And we will ultimately come to accept that and they will do it to us again. That is the Russian sort of fatalistic view of the next 50 years.

The third anecdote which is important is that a very senior official of the Soviet establishment, who I think is credible, says that their view is that on the question of Germany, this concept of a European common house, common home, is a concept that says that at some point in the next 20 to 25 years there will be a coming together, economically and politically of Europe.

And in that coming together, the German question will be addressed, but it will be the last question to be addressed in Europe.

Senator BIDEN. German economic might is going to be so significant in a unified Europe that I think this question will be addressed, and I know I am not nearly as qualified as the eminent members of the panel, long before it is intended to be addressed.

Dr. **Gati**. Mr. Chairman, although we were asked to comment on the future, but German reunification is in such a distant future in my view, decades away, that first many, many other things must happen.

I think that for Germany to be reunited, the Soviet Union ought to feel more secure about itself. I think the reform process both in the Soviet Union and in the two countries, Poland and Hungary, ought to be successful, not only in political but in economic terms. Then the countries I refer to as the Gang of Four must jump on that bandwagon as well, and on and on and on.

One could mention at least 10, 15 major processes which must reach conclusion before the last broad issue, German reunification, could be raised and solved.

Dr. **Dawisha**. Mr. Chairman, in this paper, one of the proposals that I made toward the end which I did not read out today was when I was talking about the process of institutionalization of the CSCE process. And this is I think the next stage of the CSCE process.

Senator **Biden**. Excuse me. Mr. Ambassador, I am indulging my interests here far beyond your necessary tolerance. Some of you probably have planes and places to go and I understand that. So, please, I thank you for taking this much time.

Those of you who must go, please feel free to leave. Otherwise, Dr. Nowak and I will stay here all night. I did not mean to interrupt you.

Dr. **Dawisha**. I simply wanted to say that the process of institutionalization is the next step that we are going to talk about. We have all of these follow-on conferences that are taking place all over Europe, all over mainly Western Europe with the human rights section supposed to meet in Moscow.

When I was in Moscow and I showed this to various people there, some of the people in very high position in the foreign ministry said they also had the idea of institutionalization of the CSCE process. And that one of the things that they had been thinking about was the possibility of making Berlin a focus for that process, which was a very interesting idea.

We have lots of cities in Europe where people meet on a multilateral basis, Helsinki, Vienna, so forth, Geneva, but so far, we do not have any examples of an international city which becomes the focus for the internationalization of the European process.

And, clearly, the East Germans are very touchy about this subject. But their idea, and I think it is an idea worth thinking about and trying to draw them out further on and developing our own thoughts about them, is that these follow-on processes, if they become institutionalized, could have symbolically, could be located on the wall. That they could have a building in both East Berlin and in West Berlin with the right of free passage for all of the international bureaucrats or people who come to meet there.

And that this would be one way of symbolizing the European concept, Europe as a common home in their point of view. And it is a very interesting idea, and I think that it addresses a point that Professor Stent made that we can think of alternatives to dealing with the German problem at least in the short term, which addressed German aspirations, rightful aspirations, without necessarily destabilizing the situation in Europe.

Senator **Biden**. Are you aware of Professor Kennan's proposal?

Dr. **Dawisha**. Professor Kennan makes a lot of proposals.

Senator **Biden**. With regard to Berlin.

Dr. **Dawisha**. No.

Senator **Biden**. He suggests, correct me if I am wrong, he suggests that we should think about Berlin becoming an international city that is not in fact in any sense attached to either East or West Germany.

Dr. **Dawisha**. It already has many aspects of being an international city. I mean formally it is still under four-power control, but that would be a difficult thing. You would have to nuance it very, very carefully from the German point of view.

But one way, one way to avoid a Kennan-like solution with all of its ramifications within Germany, would simply be to encourage the location of many of these international bodies in Berlin itself, and emphasize that it is not a West Berlin phenomena. That these institutions need to be placed across the border. It is a very interesting idea that they had.

Senator **Biden**. Well, I thank you both, the whole panel, but those of you who remain, for your time. The phrase has been used several times by several of us that such and such a thing cannot be fathomed or thought of. I would just suggest that all of what we spoke about today was not fathomed or thought of 3 to 5 years ago.

Thank you very much. The meeting is adjourned.

Whereupon, at 4:48 p.m., the hearing was adjourned, to reconvene subject to the call of the Chair.]

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